Austria ... Sch 18	Indonesia .. Rp 2500	Portugal ... Esc 80
Bahrain .. Din 0.650	Italy .... L 1300	S. Arabia .. Rls 6.00
Belgium .... BFr 38	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain .... Pta 110
Cyprus ... C£0.60	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr 7.25	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr 38	Switzerland SFr 2.20
Finland .. Fmk 6.00	Malaysia .. Rm 4.25	Taiwan ... NT $85
France .. FFr 6.00	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 210
Greece ...... Dr 70	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes. 20	

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,575 — Friday March 15 1985 — D 8523 B

Wall Street's corporate raiders, Page 16

World news

Iraq hits back in Gulf war flare up

Iraq retaliated against Iran for the huge explosion in the centre of the capital, Baghdad which destroyed a 13-storey building by launching an air attack on the northern suburbs of Tehran.

The attacks marked an intensification of the 53-month war between the neighbouring Gulf states. Civilian casualties were reported in both attacks.

An Iraqi missile hit another tanker in the Gulf and fighting continued in the marsh area north of Basra where Iran launched an offensive last Monday. Page 4

EEC fishing move

The EEC has almost agreed to a policy on fisheries – the most serious obstacle to Spain's entry into the Community. Page 3

Brazil government

Brazil's military regime today hands over power to an elected civilian government headed by President Tancredo Neves. Editorial comment Page 16

Maputo talks

South African Foreign Minister, Pik Botha flew to the Mozambique capital, Maputo, in an attempt to salvage the countries' year-old peace treaty. Page 4

Comoros coup bid

An attempt to overthrow President Ahmed Abdallah of the Comoros Islands – the Indian Ocean archipelago – during his absence in France has been foiled, according to official radio reports.

Guadeloupe bomb

French police were sent to Guadeloupe in the Caribbean after a bomb explosion killed one person and injured eight others. Page 6

Death sentence

Turkey's martial law court sentenced a left-wing activist to death and jailed five people for life on charges including attempting to overthrow the state.

Dutch gas escape

An unknown quantity of poisonous vinyl chloride gas escaped from the Shell oil refinery in Rotterdam, but it dispersed rapidly in strong winds.

Danish strike delay

Industrial action by Danish unions in support of wage claims scheduled to start next Monday has been postponed for two weeks.

Sudan food plea

A million Sudanese children could starve to death this year unless food is rushed to the country, the United Nations Children's Fund claimed.

Bonn bill row

The Bonn Government continued attempts to end the internal row over a Bill that would make it a criminal offence to deny or play-down the importance of Nazi war crimes. Page 2

Spain student protest

Spanish state university students began a strike to protest against fee increases and demanded free education.

Finn bribe charges

Six executives of the Finnish subsidiary of the West German Siemens electronics company were found guilty of bribing civil servants to win contracts.

Briefly . . .

West Germany was chosen to host 1988 European soccer championship.

Business summary

Britain approves Harrods takeover

THE EGYPTIAN Al-Fayed family cleared a major obstacle to its £615m ($664m) takeover of the House of Fraser, the UK Harrods store group, when the UK Government ruled that the bid did not require Monopolies Commission approval. Page 11

WALL STREET: At the close the Dow Jones industrial average was down 1.65 at 1,260.05. Section III

TOKYO shares slipped and the Nikkei-Dow market average lost 14.23 to 12,405.03. Section III

LONDON equities were buoyed by good corporate results. Gilts were mixed. The FT Ordinary index closed 2.7 higher at 990.1 Section III

ZINC prices rose again on the London Metal Exchange as concern grew about a shortage of supplies for early delivery. The cash price gained £15 ($16.2) to £840 a tonne.

DOLLAR rose in London to DM 3.3845 (DM 3.3580); SwFr 2.8785 (SwFr 2.8485); FFr 10.3375 (FFr 10.2550) and Y260.50 (Y260.15). On Bank of England figures the dollar's index rose to 154.9 from 154.2. In New York, it closed at DM 3.379; SwFr 2.8785; FFr 10.325 and Y260.35. Page 41

STERLING fell in London to $1.0805 ($1.0860) and Y281.50 (Y282.50), but rose to DM 3.6550 (DM 3.6450); SwFr 3.1100 (SwFr 3.0975); FFr 11.1725 (FFr 11.1250). The pound's exchange index rose to 71.8 from 71.6. It closed in New York at $1.0825. Page 41

GOLD fell $1.75 an ounce on the London bullion market to close at $291.75. It was unchanged in Zurich at $291.75. In New York, the Comex April settlement was $291.80. Page 40

U.S. MONEY SUPPLY: M 1 fell to a seasonally-adjusted $572.4bn in the week ended March 4 from a revised $572.8bn.

INTERNATIONAL HARVESTER of the U.S. said Tenneco intended to exercise its option to purchase IH subsidiaries in France, West Germany and Denmark. Financial terms were not disclosed. Tenneco acquired Harvester's IH's agricultural equipment operations in North America and Britain in January.

CHICAGO BOARD OF TRADE is to launch a futures contract based on the FT-SE 100, the index based on Britain's 100 largest companies by market capitalisation. Page 42

OLIVETTI, Italian data processing equipment group, said parent company net profits jumped 69 per cent in 1984 to a record L237.1bn ($110.3m). Page 19

ROWNTREE MACKINTOSH, the UK confectionery and foods group, raised pre-tax profits by 22 per cent to £74.5m ($80.4m). Page 22

MR IRWIN JACOBS, the Minneapolis financier who controls 12 per cent of Castle & Cooke, has entered the battle for the troubled West Coast food and real estate group.

ITT, U.S. telecommunications group, has asked the Securities and Exchange Commission to rule on whether its annual meeting must consider a shareholder proposal that the company be liquidated. Page 19

TI Group, diversified British engineering group, suffered set-backs in the second half of 1984 but returned full-year trading profits of £55m ($59.4m) up £15m. Lex Page 18, Details Page 24.

DEERE, the Illinois-based agricultural equipment manufacturer, is to cut its salaried workforce by a further 600 because of the problems caused by the slump in U.S. agriculture.

TENNECO plans to exercise its options to buy International Harvester's subsidiaries in France, West Germany and Denmark. It has already acquired selected assets of Harvester's agricultural equipment operations in North America and the UK.

U.S. spending cuts package may speed progress on deficit

BY STEWART FLEMING IN WASHINGTON

THE REAGAN Administration and Republicans in the Senate have moved a step closer towards detailed negotiations on reducing the U.S. budget deficit following approval by the Senate budget committee of a major package of spending cuts.

Adoption of the budget proposal by an 11-9 vote, with Republicans in the majority, is the first sign of clear progress in the Senate towards cutting the deficit after several false starts.

The path towards any agreement between Congress and the White House remains long and tortuous, however, and the budget committee's proposal is unlikely to be more than a basis for negotiations with the full Senate Republican membership and with the Administration.

Over the past two weeks the Senate committee has consistently voted to reject most of the spending cuts advocated by President Ronald Reagan. But on Tuesday evening, the Republican members reversed themselves and adopted the proposal incorporating some of Mr Reagan's approach.

The Republicans claim that their plan would cut federal spending by $55.1bn in 1986, bringing the projected deficit down to $172.3bn in that year and $101.8bn in 1988.

The budget committee began yesterday to put its proposal into legislative language requiring the Senate's various authorising committees to meet specific savings targets. But Republicans admit that the crucial next step for the party – and the challenge facing Senate majority leader Robert Dole – will be to try to fashion a budget package acceptable to the whole Senate and also to the White House.

There are no illusions in the Senate about the difficulty of this. The White House made clear yesterday that the budget committee proposal, which achieves a big proportion of its savings by limiting the rise in defence spending to 3.8 per cent (the projected rate of inflation) falls far short not only of the 6 per cent real rate of increase President Reagan has called for: it is also less than the rate of increase which Pentagon supporters in the Senate are ready to accept.

A major question, therefore, is whether, in seeking a compromise which would produce a more rapid rise in defence spending, the Republicans can retain support for some of the painful and deep cuts in spending on social programmes which the budget committee is calling for. In this context, much of the attention will focus on whether the proposed elimination of cost-of-living increases next year for 36m retired Americans will survive a defence compromise.

How the complex budget process will proceed from here is still not clear.

Administration officials suggested yesterday that the first step will be for the Republican caucus in the Senate to hammer out a more broadly acceptable package (perhaps with White House involvement) and then for more formal negotiations with the White House to follow with the aim of bringing to the Senate floor a deficit reduction proposal which President Reagan can support.

Senator Dole is thought to be anxious to try to speed up this process so that the Senate can produce its first budget resolution before the Easter recess on April 5.

In the meantime, the House of Representatives, where the Democrats hold sway, will be continuing its deliberations on the budget.

The Democrats are moving at a much slower pace with the objec-

Continued on Page 18

Ford, GM hit by fierce competition in Europe

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

AMERICA'S two biggest motor groups both saw sharply worse results from their European operations last year.

Ford of Europe's net income for 1984 fell to only $147m – the lowest level for 10 years – and the profit was only about half the $281m for 1983.

General Motors' European operations suffered a loss of $291m last year, compared with $228m in 1983.

The results show in starkest terms the different conditions in the North American and West European vehicle markets.

Riding the surge in demand in the U.S., GM achieved record net profits of $4.5bn last year (up from $3.73bn for 1983) while Ford's earnings of $2.91bn were $1bn above the previous peak reached in 1983.

The battle between the world's two largest automotive groups in Europe has undoubtedly contributed to the competitive conditions which leave little room for volume car manufacturers to make any profits.

Since 1980, GM, the Vauxhall-Opel group, has increased its market share in Western Europe from 8.7 per cent to 11.7 per cent. Over that same period the group's losses in Europe have totalled more than $1.2bn.

GM has been hit by high interest rates on money borrowed to finance a major expansion programme – including the Corsa Nova car plant in Spain and an engine factory in Austria.

Last year it suffered badly from the seven-week strike by West German metalworkers which halted output of Opel in that country. The dispute also hit Vauxhall in Britain which relies heavily on its West German "sister" company for car kits and components.

The strike had less impact on Ford, but, like GM, its financial results have deteriorated sharply at a time when its share of the European car market has reached a record level.

The company won 13 per cent of the market to take European leadership for the first time last year, ending marginally ahead of Fiat, with 12.9 per cent of registrations totalling just under 10m.

Ford of Europe last suffered a loss in 1974 – $21m – and there was a small, $130m, profit the following year. However, for three years at the end of the 1970s the group's net income was well over $1bn a year.

Mr Bob Lutz, who returned for a second spell as chairman of Ford of Europe last summer after the sudden departure of Mr Ed Blanch, said recently that his organisation must cut its cost base because it was not making enough profit to cover future investment

Mr Lutz said Ford was considering whether to "cut vertically" and close a factory or to "cut horizontally" by moving some plants from double to single-shift working.

Reuters and Telerate to expand services

BY CHARLES BATCHELOR IN LONDON

REUTERS and Telerate, two of the world's leading suppliers of financial information systems, yesterday announced separate deals which will strengthen their hold on the rapidly growing world market for business data.

Reuters is to link up with Instinet, a U.S. supplier of a computerised system for trading shares, in a move which could lead to the creation of an automated trading system embracing stock markets around the world.

Telerate, Reuters' main rival in providing U.S. bond and money market information, is on the verge of signing an agreement to supply its data to International Market Net (Imnet), the information and office automation system to be launched by IBM and Merrill Lynch later this year.

Reuters will market Instinet's equity trading services, which covers U.S. stocks and UK, Japanese and South African stocks in American Depositary Receipt form, outside North America.

It plans to start in the UK and later to expand the service to all other major world stock markets. Reuters is the only information service to provide a dealing service to its customers but this is currently restricted to bonds, bullion and foreign currencies.

Reuters and Instinet subsequently plan to add shares quoted on stock markets outside the U.S. to the system. They have been holding talks with the London Stock Exchange with the aim of bringing in UK stocks first.

Mr Bill Lupien, chairman and founder of Instinet, said: "You just press a couple of keys and in one to two seconds you have a hard copy execution of the trade anywhere in the U.S."

Instinet's system allows the automatic completion of deals involving up to 1,000 shares,

Mubarak wins UK backing for initiative

By Robert Mauthner in London

EGYPTIAN President Hosni Mubarak, who failed in his attempt to persuade the U.S. Administration to play an active role in resolving the Arab-Israeli conflict, yesterday won the backing of the British Government.

Mrs Margaret Thatcher, the Prime Minister, assured Mr Mubarak at dinner in London last night of the British Government's support for the efforts of Egypt and Jordan to promote an Arab dialogue with Israel.

Mrs Thatcher said in Washington last month that the time was propitious for moves to find a Middle East settlement. Mr Mubarak's proposal is considered to be a step in the right direction.

U.S. officials made clear that the Administration could not accept the

Continued on Page 18

Lebanon rift unresolved; Israel Cabinet divided, Page 18

U.S. may relax curbs on exports to East bloc

By Christian Tyler, Trade Editor, in London

THE REAGAN Administration is proposing to relax its controls on American exports to the Soviet bloc with new regulations to be published today.

Bowing to persistent pressure from manufacturers, the Department of Commerce wants to allow companies to sell equipment if they can prove that the same equipment is available to the Eastern bloc on the world market.

The changes were planned before the recent visit to Moscow of Mr Lionel Olmer, Under-Secretary at the Commerce Department, but the success of that visit may have confirmed the decision.

Restrictions on the export of militarily-useful – so-called "dual purpose" – equipment would remain, but officials said last night that some high-technology goods might be freed.

The more sophisticated the goods, however, the greater the burden of proof on manufacturers to show that the Soviet bloc could obtain them from foreign companies.

Mr Malcolm Baldrige, Commerce Secretary, said the new regulations were a "cautious approach" to decontrol and would not threaten U.S. national security.

The move comes at a time of mounting criticism inside the U.S. and among its military allies of the wide scope and extra-territorial reach of U.S. export controls.

The test of foreign availability has been repeatedly raised in the House of Representatives during the protracted – and still unfinished – attempt to renew the Export Administration Act of 1979.

Officials said the proposed changes had had a "positive" initial response from the Pentagon and the State Department.

The Commerce Department is allowing 60 days for discussion of the proposed change before new regulations are adopted.

Extra staff have been recruited in the past year to cope with the enormous task of identifying what is available to Comecon countries.

The Commerce Department said there was no list of goods to be decontrolled. It would be for companies to make applications, providing technical and trade data and details of the foreign sources.

No product will actually be removed from the export control list, an official said.

The Administration has recently been encouraging U.S. companies to do more in the Soviet market.

The U.S. has a small share of high-tech trade with the Soviet Union,

Oil companies ponder life after BNOC

BY IAN HARGREAVES AND DOMINIC LAWSON IN LONDON AND OUR FOREIGN STAFF

Royal Dutch/Shell, the multinational oil group, achieved record net income of £3.37bn ($3.62bn) in 1984 against £2.89bn in 1983. Shell's profits were only 3 per cent higher in dollar terms, however, and shares of Shell Transport and Trading lost 2p to 775p on the London Stock Exchange. The group reported strong profits in production but large losses in downstream operations. Details, Page 24; Lex, Page 18

OIL-PRODUCING countries and oil markets showed little reaction yesterday to the UK Government's decision to abolish the British National Oil Corporation, suggesting that the Organisation of Petroleum Exporting Countries (Opec) might have been prepared for such a development.

An official from one Opec country said the British move would strengthen the oil market by removing a body which had been forced continuously to dump its oil on the spot market and so to weaken prices.

"We would rather be in the hands of the oil majors than BNOC. They are on our side in wanting to maintain prices," he said.

Oil traders said that, following initial shock at the announcement, the tone in a thin spot market yesterday was generally positive. Trading was in a narrow range, with Brent blend for April delivery at $27.70 – still almost a dollar below the $28.65 official BNOC price.

BNOC officials meanwhile began the process of dismantling their business. Attention yesterday focused on four points:

- Arrangements for setting North Sea prices during the seven months it is expected to take for legislation abolishing BNOC to reach the statute book.
- Who, in the absence of BNOC, will trade oil for smaller oil companies which have no trading departments of their own?
- Negotiation over what in future will constitute the price of North Sea oil for taxation purposes – the tax reference price. Will the removal of BNOC and the reduction in incentive for major integrated companies to "spin" oil – sell it and buy it back in the spot market – undermine the existence of the highly volatile spot market in Brent blend?
- What will be the shape of Britain's system for securing oil supplies in a crisis without BNOC's control over 51 per cent of North Sea oil through its participation agreements with oil companies?

Pricing arrangements for the period between BNOC's demise and the creation of a rump authority, the Government Oil Pipeline Agency (Gopa), were still under discussion yesterday.

BNOC is expected to announce shortly the price it will pay for March supplies of oil (it abandoned efforts to set a selling price in January). The expectation in the oil industry is that BNOC's loss making $28.65 price will be allowed to continue for March, but not beyond then. This will have an immediate negative effect on oil companies which are net sellers of North Sea crude.

New trading mechanisms will also have to evolve as BNOC winds down. Smaller companies will probably have little alternative but to market their oil through larger oil companies – a point which was the source of some bitterness yesterday.

"The Government has abolished BNOC because, politically, it believes in a free market. Brother, if they think that the oil majors believe in the free market, they aren't living in the real world," said the chief executive of one small North Sea producer last night.

The larger, integrated oil companies were by and large content yesterday about the decision on BNOC, although they still have one major worry: the tax reference price.

There was speculation that Mr Nigel Lawson, Chancellor of the Exchequer might in his budget next Tuesday move to resolve this matter by declaring the Government's intention to develop some kind of public formula for determining the taxation value of oil, rather than leaving it to retrospective assessment on the basis of individual transactions.

In the past, the official BNOC price has played an important role in setting the tax reference price, and companies fear they could face protracted arguments with the Inland Revenue and uncertainty about the net value of their North Sea output.

The indications from officials last night, however, were that tax referencing will be left to individual assessments on the basis of actual transactions in the future.

Agreement was widespread yesterday that the removal of the BNOC official price – out of line with market realities – would discourage the integrated companies from dumping oil on the spot mar-

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Spot oil prices, Page 40

CONTENTS

Bonn bid to end war crimes bill row

BY RUPERT CORNWELL IN BONN

WITH the painful 40th anniversary commemoration of the end of the second world war less than two months off, the West German Government was yesterday struggling to settle an internal row over a pending bill that would make it an automatic criminal offence to deny or play down the importance of Nazi war crimes.

The so-called "Auschwitz-lie" bill has been before parliament ever since its approval by the previous Social Democrat (SPD)-led Cabinet, in one of its last decisions on September 29 1982. But it was due back in the Bundestag last night for a discussion which promised to be heated and emotional.

The argument is essentially between the smaller Free Democrat (FDP) party and the Christian Democrats (CDU), backed by their smaller Bavarian ally the CSU. Chancellor Helmut Kohl has already signalled that he opposed the proposals in their present form.

But the FDP, like the opposition SPD, is insisting that the original – or at worst a very slightly amended alternative – go before parliament for a free vote. The CSU in particular has come under bitter attack, for putting a desire to attract far-right votes before the need to protect Germany's image abroad.

The Christian Democrats maintain that such a law would be counter-productive, by doing no more than offering a guaranteed public platform in court for Neo-Nazi extremists to air their views.

But Herr Alfred Dregger, the CDU/CSU floor leader in the Bundestag, has added to the embarrassing controversy by suggesting that if the bill were to be passed in its initial shape, it should be widened to cover crimes committed during the mass expulsion westwards of 14m Germans – 2m of whom died in the process – from their homes in the former Eastern provinces of the old Reich, now part of Poland and the Soviet Union.

The chances yesterday were that a form of words could be agreed to settle all parties. However, to the discomfort of the Government, Herr Heinz Galinski, a former Auschwitz inmate and now leader of Berlin's Jewish communities, has warned that West Germany's reputation in the outside world hinged on the measure going through in its original form.

Appealing to President Richard von Weizsäcker to use his moral influence to that end, Herr Galinski declared that the present situation, where victims of Nazi crimes had to make formal complaint before legal action could start, was no longer acceptable to German Jews.

OECD calls on Dutch to lift profit levels

BY LAURA RAUN IN LONDON

HIGHER profits and greater labour flexibility are needed in the Netherlands to erode the persistently high unemployment and to bolster the country's sluggish economic growth, according to the Organisation for Economic Co-operation and Development (OECD).

In its annual survey on the Netherlands, the OECD notes that economic growth and employment performance have been among the worst in the organisation for a decade.

The rapidly rising number of women in the workforce, high real labour costs and narrow wage differentials are blamed for the stubbornly high jobless rate, currently around 15 per cent. Lagging economic expansion is attributed primarily to a deteriorating competitive position and over-ambitious social-security system.

The Paris-based group says that progress has been made in rectifying these imbalances during the current centre-right Government's period in office since the end of 1982. Moderating wage rises have led to "a noticeable improvement in profitability in the non-gas sector" while social security premiums will have been trimmed 4 per cent by the end of this year.

Despite the gains, however, more must be done. The OECD recommends a widening of the wage differential between minimum and average incomes, shorter working hours, more part-time jobs and better on-the-job training. Greater wage differentiation may be the most difficult, though, in light of the strong Dutch tradition of egalitarianism.

Yugoslavia approves $300m IMF credit terms

By Aleksandar Lebl in Belgrade

YUGOSLAVIA'S parliament yesterday approved the terms of a $300m (£272m) one-year credit being sought from the International Monetary Fund in support of new rescheduling arrangements with both government and commercial bank creditors.

Mr Vlado Klemeocic, Finance Minister, told parliament that the IMF deal foresees a hard currency balance of payments surplus of $900m this year, up from $769m in 1984 but below the country's own target figure of $1.05bn.

Other terms of the arrangement as revealed by the Minister yesterday are less harsh than many bankers expected, although the IMF has resisted Yugoslavia's proposal for the arrangement to contain only descriptive policy aims, insisting instead on a number of quantitative targets.

The IMF has accepted Yugoslavia's argument that the inflation rate in the early months of this year has been distorted by the effects of a price freeze between January and April 1984.

As a result, it has softened earlier requirements on adjustment of interest rates and the dinar exchange rate.

The exchange rate will still have to be changed to compensate for the difference between Yugoslavia's inflation—which was 63 per cent in the year to January—and the inflation rate of main Western trading partners, but Yugoslavia will have more time to do this.

As reported earlier, interest rates will no longer have to rise to match inflation by April 1, but will instead increase by a maximum of four percentage points to 58 per cent.

Had the previous formula of fully matching inflation been used, they could have risen as high as 70 per cent.

Mr Klemeocic said the IMF's executive board is to approve the credit soon which will pave the way for further rescheduling talks with other creditors over $5.7bn in debts falling due between 1985 and 1988.

Talks with governments will start on March 25 in Paris and with banks in mid-April, possibly in Belgrade.

Hungary's leaders see living standards set to improve

BY DAVID BUCHAN IN BUDAPEST

HUNGARY'S LEADERS will have some genuine ground at their Communist Party Congress later this month for assuring a party rank-and-file, grown restive at five years of economic stagnation, that living standards will improve in the rest of the decade, officials in Budapest say.

Mr Miklos Pulai, deputy head of the National Planning Office, yesterday forecast that, after a fall of 6-7 per cent in the past five years, real wages in state industry would start to increase by up to 1 per cent this year and continue upwards at that pace in 1986-87.

Over the next five years, national income would grow on average, on the most optimistic projection, by up to 3 per cent, investment by 25 per cent, and personal consumption by 8-9 per cent.

The impact of the latest round of price increases in January appears to have hit the public harder than previous prices increases, and at the party Congress, starting on March 25, the leadership is expected to be somewhat on the defensive.

At the last party Congress in 1980, delegates were assured that living standards would at least be maintained, if not increased, because of the need to get the country's external finances in better order.

But the external economic improvement since then seems real. Last year's hard currency trade balance amounted to $603m (£548m), according to Mr Tibor Antalpeter, a director at the Foreign Trade Ministry.

"This year will be the first for some time in which we do not have to increase substantially our trade surplus," he said.

This year will also be the last in which Hungary faces heavy debt repayments, with $1.5bn-$2bn in principal due, according to national bank officials.

To ride out its 1982 liquidity crisis, Hungary took on several short-term loans of up to three years, which mature this year.

National bank officials are assuming that, if the 1984 current account surplus of $300m can be matched this year, the 1985 borrowing requirement will be about $1.2bn.

But World Bank loans, partly in co-financing operations with commercial banks, will amount to nearly half of this, and Hungary would appear to have little difficulty in raising the rest.

Poland hesitates again on signing rescheduling pact

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND HAS repeated that the country's 17 major Western creditor governments must pledge new trade credits before an agreement rescheduling $12bn (£10.9bn) worth of payments which fell due between 1982 and 1984 can be signed.

The message was contained in a major policy speech delivered yesterday by Mr Stefan Olszowski, Foreign Minister to the Polish Parliament.

The speech came after the breakdown of a round of debt talks in the Paris Club last week and in the face of differing attitudes by Western governments to the issue of new trade credits.

Some are insisting that Poland sign the 1982-84 agreement which has already been initialled in the Paris creditors' club before they will start bilateral credit talks, while others such as Belgium have already agreed to meet before the signing.

A request for additional interest payments by the West Germans aroused the ire of the Poles and led to the breakdown of last week's Paris Club meeting which was originally supposed to have discussed the rescheduling of payments falling due this year.

Another round of talks is planned in Paris on April 25.

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Ten settle on fisheries stance for entry talks

BY QUENTIN PEEL IN BRUSSELS

THE TEN EEC member-states have virtually agreed a common position on fisheries, the most difficult subject still to be resolved in the membership negotiations with Spain which are supposed to be completed next week.

The deal would involve allowing Spain to join the Common Fisheries Policy (CFP) from the moment it joins the Community, instead of having to wait for a transition period of between eight and 15 years, as previously proposed and rejected out of hand by Madrid.

However, the pla nwould still restrict the huge Spanish fishing fleet to a fraction of its potential fishing catch in EEC waters, and totally exclude the area of the so-called Irish Box, as well as most of the North Sea, from Spanish access.

The compromise put forward by the Italian presidency of the EEC, and thrashed out over the past two weeks since the last abortive meeting of Foreign Ministers, appears to have reconciled the hard-line positions of the five leading EEC fishing nations — Britain, Denmark, France, Ireland and West Germany—with the rest of the Community.

Italy also hopes to reach an agreed negotiating position on the other outstanding issues—agriculture, social affairs and budget contributions—on Sunday, the first day of next week's four-day marathon Ministerial meeting. This leaves three days to reach final agreement with Spain and Portugal.

The breakthrough on fishing has raised hopes among officials in Brussels about the possibility of reaching a conclusion, although they recognise that Spain may still find the terms unacceptable.

The key will be the figures for Spain's share of the total allowable catch (TAC) and quotas for the species it is allowed to fish, including hake, monkfish, megrim and possibly blue whiting.

The other crucial figure will be the number of Spanish boats allowed access to EEC waters, proposed by the European Commission as 130 (out of a fishing fleet including all sizes of boats totalling 17,000).

Spain is also strenuously opposed to its exclusion from the Irish Box, which covers the Irish Sea, the Celtic Sea, and waters off the south-west of Scotland and the West of Ireland.

Officials in Brussels say the plan would offer Spain "a quite marked improvement" on its present access to EEC waters, although still within very strict limit. In return, the plan would last for the rest of the life of the CFP, to 2002

Farm price vote, Page 40

France appoints new ambassador to India

BY DAVID HOUSEGO IN PARIS

FRANCE YESTERDAY announced the appointment of a new ambassador to India bringing to an end one of the most bizarre episodes in recent French diplomatic history.

M Serge Boidevaix, the former ambassador, was asked to leave New Delhi by the Indian Government in early February in the wake of the scandal over the uncovering of a spy network.

It was one of the rare instances anywhere in the world where one government has retaliated against another by demanding the recall of an ambassador.

The French authorities have always denied that M Boidevaix was expelled. They have maintained the fiction that his departure was perfectly normal,

Western diplomats in Paris said the Indian Government took the extreme step of asking M Boidevaix to leave because France had fully penetrated India's intelligence services and had access to the country's most closely guarded secrets.

The new ambassador named yesterday is Jean-Bernard Merimee, currently ambassador to Australia.

EEC steel demand scarcely increasing

By Paul Cheeseright in Brussels

Steel demand in the European Community is scarcely increasing and it does not look as if there will be the normal seasonal revival.

This gloomy assessment of the likely situation on the steel market for the second quarter of this year was published yesterday by the European Commission, the guardian of the EEC's system of price controls and production quotas for steelmakers.

The Commission's analysis underlines the reason for the imposition of tight production quotas for the second quarter, announced last month. But it also inevitably raises doubts about whether an increase in minimum prices will hold.

Projections of output and demand suggest that the revival seen in the industry last year is flattening out. At current levels of production, output of crude steel should reach 29m tonnes in the current quarter. The Commission expects it to be the same in the second quarter.

Last year, production was more than 30m tonnes in both the first and second quarters, and although it slipped back in the third for seasonal reasons, it came up to 30.24m tonnes in the final quarter.

Two main reasons are being advanced for the flattening-out of production levels—the lower level of stocks building and the slowing rate of exports.

On a Community-wide basis, stocks increased throughout the first three quarters of last year, but have been diminishing ever since.

Exports reached 6.92m tonnes in the third quarter of last year but are estimated to have slipped to 5.5m tonnes in the last quarter.

They should reach 6m tonnes in the current quarter before declining in the face of continued restrictions on the U.S. market and stiffening competition on the export markets.

Community steel consumption topped 26m tonnes in the first two quarters of last year and reached 27.64m tonnes in the final quarter. But this year it has slackened off to an estimated 25.9m

Deutsche Bank board member comes out with fists flying

BY JONATHAN CARR IN FRANKFURT

DR ECKART VAN HOOVEN is a banker, not a boxer. But he came out of his corner with fists flying at a Frankfurt conference this week. His audience, gathered to hear about bank marketing and automation, hardly knew what had hit it.

The shock was the greater since Dr van Hooven is a member of the executive board of Deutsche Bank, that august institution whose leaders seem to compete with one another in being souls of discretion.

This time, Dr van Hooven, a big comfortable-looking man who will be 60 this year, cast caution to the winds.

High on his list of *bêtes noires* were those West German banks which sold their customers lots of travellers cheques from a thrusting foreign rival—namely American Express. That, Dr van Hooven charged, was as though "Mercedes salesmen rode to visit their customers in an Opel."

The Europeans had a perfectly good alternative of their own, the Euro-travellers cheque, Dr van Hooven stressed—and he should know. He was a key architect of the Eurocheque and has for years been in charge of the Deutsche Bank's individual customer business, winning the unofficial title of "Mr European retail banker."

Dr van Hooven made plain he had little time for non-banks which were ever more active in the financial services market, but left the crucial task of customer advice to the banks.

"No one can seriously expect that we will stand for that kind of division of labour for long," he declared.

Pausing only to hit at the savings banks and the building societies for alleged resistance in competition, Dr van Hooven reserved a major salvo for the Bundespost, the federal post office.

This was using its monopoly position in communications and "aggressive" advertising to drive ever further into banking territory, Dr van Hooven charged.

Eventually, he claimed, it planned to become a full banking institution with credit business—a point hotly denied by a Bundespost official in the audience.

Dr Eckart van Hooven

At least some of those present felt this was a case of the pot calling the kettle black.

After all, Dr van Hooven was the architect in 1983 of a scheme linking savings with life insurance, which the insurance companies wrathfuly complained was intruding on their territory.

Allianz, the insurance market leader, was even toying with a scheme to hit back by going into banking of some kind.

Unperturbed, Dr van Hooven pointed out that between 1970 and last year, the share of the banks in private wealth accumulation in West Germany (savings accounts and so on) had dropped from 53 per cent to 38 per cent, while that of the insurance companies had risen from 15 to 33 per cent.

No one should be surprised if the banks now sought to recapture lost ground, he said.

Dr van Hooven ended with a strong appeal to all banks to cooperate to offer better customer service—but there were some knitted brows all the same.

With banks becoming involved in insurance, insurers eyeing banking, the Bundespost flexing its muscles, and a Deutsche Bank board-member reading the Riot Act—things were uncomfortably not as they used to be.

U.S. cautious on quick thaw with Moscow

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE REAGAN Administration yesterday sought to soft-pedal expectations of a rapid breakthrough in U.S.-Soviet relations following the power change in Moscow and President Ronald Reagan's offer of a summit meeting with Mr Mikhail Gorbachev, the new Soviet leader.

Although Mr Gorbachev appeared to have been cordial at his Moscow meeting with Vice-President George Bush on Wednesday, White House officials warned against expecting "anything dramatic anytime soon."

While Mr Reagan wanted to get off on the right foot with the new Soviet leader, one White House official said, "We expect this to be a long road. The Russians don't seem to be in any hurry."

Mr Richard Burt, Assistant Secretary of State for European Affairs, warned that the West should be careful "not to draw premature conclusions that there has been a change of attitude in Moscow."

It would be dangerous to assume too quickly that Mr Gorbachev "represents a new breed or will usher in a new era in international politics."

Mr Burt was speaking during a brief stopover in Iceland by Mr George Shultz, the U.S. State Secretary, and other senior U.S. officials on the way back from the funeral of President Konstantin Chernenko.

Mr Gorbachev appeared to have a strong power base and had already shown willingness "to start improvements in all fields," Mr Burt said.

He added, however, that to stay in power, Mr Gorbachev would have to work with different Soviet interest-groups, including the military, and it would not be easy for him to make sudden changes.

Mr Gorbachev was more at ease than his predecessors in dealing with the West and had even achieved a kind of popularity with Western public opinion with his apparent liking for jazz, whisky and good clothes, Mr Burt said. "But that has little bearing on his real policy."

In Washington, White House officials said that Mr Reagan wanted to hold the proposed summit meeting in the U.S. because he believed that Mr Gorbachev would be highly impressed by such a visit.

Peter Riddell, Political Editor, adds: The British government retains major reservations about both the justification and the practicality of the Reagan Administration's Strategic Defence Initiative (SDI)—the "Star Wars" project—but believes it can best influence U.S. policy by avoiding public criticisms.

Senior Ministers are worried that the proposals represent a major escalation in the arms race. But they regard as naive recent suggestions by both Mr Edward Heath, the former Prime Minister, and Mr Denis Healey, the Shadow Foreign Secretary, that European countries should jointly and publicly criticise the U.S. over SDI.

The British view is that its influence can best operate by encouraging closer contacts with the Soviet Union and by privately encouraging the principal U.S. response to the Geneva talks.

In public, the UK will continually stress a distinction between research on SDI, which it supports, and full testing and deployment which must be negotiated under the terms of the anti-ballistic missile treaty of 1972.

AP adds from Geneva: The U.S. and the Soviet Union held a second round of nuclear arms control talks here yesterday, following the resumption of their negotiations after a 15-month break last Tuesday.

Mr Joseph Lehman, the U.S. delegation spokesman, described the meeting as "a businesslike session in an atmosphere of mutual respect,"

For the first time since the negotiations resumed, all the main negotiators from both delegations, led respectively by Mr Max Kampelman of the U.S. and Mr Viktor Karpov of the Soviet Union, were present.

Mr Lehman confirmed that the negotiations would split into three groups, dealing with strategic nuclear missiles, intermediate range nuclear forces (INF), and space weapons.

Basque government condemns violence

By Tom Burns in Madrid

THE BASQUE Regional Government, controlled by the moderate Basque Nationalist Party, has issued a key document condemning violence which Madrid government leaders yesterday hailed as a decisive break with past ambiguities

In a related development, the Basque Parliament yesterday adopted a motion which expressly urged Basques to oppose violence resolutely and called on Eta, the separatist organisation to surrender its weapons.

The significance of such calls is that the leadership of the Basque Nationalist Party (PNV) has aligned itself with the prevailing Madrid policy of total opposition to Eta.

The PNV has effectively broken the previous tacit alliance between Basque-based parties, essentially between the PNV and the extremist pro-Eta coalition known as Herri Batasuna, by which the so-called "nationalist family" closed ranks to oppose the central government.

Yesterday's developments emphasise the extent of a changed attitude among the PNV leadership and are the consequence of the appointment by the party at the beginning of this year of Sr Jose Antonio Ardanza as Lendakari, or Chief Minister, of the Basque Government.

Sr Ardanza replaced Sr Carlos Garaikoetxea, Lendakari since the onset of home rule in the Basque country in 1980, who lost the confidence of the PNV leadership and was forced to resign.

One of Sr Ardanza's first moves was to establish a legislative pact for the Basque Parliament with the Socialist Party, which is the majority party nationally, but forms the opposition to the PNV in the Basque Assembly.

The extensive document issued by Sr Ardanza's executive said all Basques shared the responsibility to stand up to violence. Basques had to "overcome the fear of fear," and could make no compromise with "those who kill, those who back them (the killers) and those who remain silent."

The measured language of the document was a radical departure from previous Basque government statements that tended crytically to condemn violence "from all fronts."

OVERSEAS NEWS

Iranian attack on bank in Baghdad

BY ROGER MATTHEWS, MIDDLE EAST EDITOR, IN LONDON

A HUGE explosion wrecked the headquarters of the Rafidain Bank in Baghdad yesterday as Iraq and Iran continued their attacks on each other's capitals.

In the Gulf, another tanker was hit by an Iraqi missile and fighting has continued in the marsh area north of Basra where Iran launched an offensive on Monday.

Iran claimed that the Rafidain bank had been struck by a long-range missile, but the Iraqi authorities described the explosion as the work of Iranian saboteurs.

Eye witnesses reported that the upper floors of the 13-storey building in the heart of Baghdad's commercial area had been destroyed and other buildings in the vicinity, including the central bank, had been damaged.

Iraq immediately responded by launching another air attack on the northern suburbs of Tehran. At least three rockets hit the general residential area where Ayatollah Khomeini, Iran's religious leader, lives much of the time. At least three people were reported killed.

Iraqi aircraft also raided the city of Tabriz, prompting a warning from Ali Akbar Hshemi Rafsanjani, the speaker of the Iranian Parliament, that further attacks would lead to Iran unleashing its missiles against many more Iraqi targets.

"The vicious attacks of the Iraqi regime have taken us to the point at which we did not wish to arrive," he said. Shortly afterwards a military communiqué said that Iranian forces were opening fire on more Iraqi cities. The only places which would be spared were religious sites.

Basra, Iraq's second largest city and close to the latest land fighting, again came under persistent shellfire yesterday.

Hashemi Rafsanjani denied yesterday that the thrust into the Hawizah marsh area was the long-expected major Iranian offensive and claimed it had only limited objectives. He said conditions were still not right for the "decisive" attack. Both military commands continued to give conflicting accounts of the fighting.

Lloyd's of London reported yesterday that the Panamanian-registered tanker, the Lady T, of 31,686 gross tons had been hit by a missile 65 miles south of Kharg Island, Iran's principal oil export terminal.

Fire which broke out in the accommodation area of the ship was later said to have been put out by two Iranian tugs, but there was no immediate word about the fate of the crew.

The Lady T is operated by Kappa Maritime and was known to have left Aden on February 10 bound for Kharg Island. It was fully loaded and is thought to have been operating the shuttle service between Kharg and Sirri to the south.

Iraq announced earlier that its aircraft had hit a "large naval target" near Kharg Island.

Ivory Coast poised to accept IMF credit

BY PETER BLACKBURN IN ABIDJAN

THE IVORY coast is shortly expected to sign a letter of intent for a new one year stand-by credit from the International Monetary Fund.

It would be similar in size to the SDR 82.75m ($78.9m) credit approved last year and would be accompanied by further measures to restore the economy.

Priority would be given to reducing internal debt estimated at CFA 70bn ($135m) which has been a heavy burden on local industry, particularly construction companies. Continued efforts would be made to cut public expenditure and reduce the balance of payments deficit.

The new IMF agreement would pave the way for negotiations with the Paris Club of official creditors to reschedule medium-term debt falling due this year.

The Government only this week signed the final official bilateral rescheduling agreement with the U.S. after the global agreement last May for 1984 debt.

The Ivory Coast last week signed an agreement in Paris with commercial creditors to reschedule nearly $500m of principal due between December 1 1983 and December 31 1985.

At the same time the Ivory Coast became the first African country to obtain fresh money along with a rescheduling.

China cuts credit for unprofitable businesses

CHINA'S Industrial and Commercial Bank will give little or no credit to unprofitable businesses tis year, according to a *China News Service* report quoted by Reuter in Peking.

A bank conference in Peking decided to limit help for lame-duck concerns with poor management, long-term losses or unmarketable products, the agency said.

Instead, the bank aims to support manufacture of high-quality light industrial goods and textiles, consumer durables and profitable export products.

Taiwan appoints economy minister

TAIWAN has named Lee Ta-hai, the head of Chinese *Petroleum Corporation*, as Minister of Economic Affairs two days after the previous minister resigned over the country's biggest ever financial scandal. **Bob King reports from Taipei.**

Mr Lee, 66, is a chemical engineer who has worked for the state-owned petroleum monopoly since 1955. He succeeds Hsu Li-teh, who resigned amid mounting criticism of his failure to curb irregularities at the Tenth Credit Co-operative Bank during his term as Finance Minister from 1982 to 1984. Disclosures of the irregularities a month ago led to a run on the bank.

Bangladesh restricts foreign investment

Bangladesh has stopped investment by foreign interests in sectors which do not need foreign technology, **Reuter reports from Dhaka.**

However, Mr Mohammad Nasiruddin, director general of the Department of Industries, said the Government would welcome outside investment in a number of capital intensive industries.

India to raise train fare prices

The Indian Government proposed sharp increases in train fares and freight charges yesterday to raise Rs 4.95bn (£352m) for the state-run railroad system, *AP-DJ reports from New Delhi.* Mr Bansi Lal, Railway Minister, told Parliament that the increases would enable his ministry to make a profit for the first time in several years.

South Africa in bid to salvage pact with Mozambique

BY ANTHONY ROBINSON IN JOHANNESBURG

SENIOR South African officials flew to the Mozambican capital Maputo yesterday for talks aimed at salvaging what remains of the Nkomati agreements signed between the two countries on March 16 last year.

The South African delegation was headed by Mr Pik Botha, the Foreign Minister, and General Magnus Malan, Minister of Defence. The Mozambican side was headed by General Sergio Vieira, Minister of Security and chief Mozambique member of the joint security commission set up at *Nkomati to monitor* the security aspects of the treaty.

General Vieira is one of the more orthodox pro-Moscow *figures* in the *Frelimo* Government.

Under the terms of the Nkomati accords, Mozambique agreed to curb the activities of African National Congress (ANC) forces based on its territory while South Africa agreed to drop its support for the rebel Mozambique National Resistance (MNR).

Mozambique moved *swiftly* to eject the ANC from its Mozambique bases and thus dealt a severe blow at the *ANC's ability to strike at* targets in South Africa.

Pretoria insists that it has complied with its side of the bargain both by stopping all support for the MNR and in seeking on several occasions to arrange ceasefire between MNR and Frelimo.

However, the MNR has stepped up its guerrilla activities inside Mozambique since *Nkomati and Maputo* has charged Pretoria with not doing enough either to prevent incursion into Mozambique from *South African territory* or to curb the activities of MNR supporters among the strong Portuguese ex-colonial population in South Africa.

Faced with a deteriorating internal security situation which has placed Maputo under a virtual siege and cut off or damaged most internal surface communications and power *lines* Mozambique has threatened to abrogate the treaty with South Africa and look to both the U.S. and the Soviet *Union for future* assistance.

The Soviet Union has already stepped up its military and economic assistance in recent months while the U.S. Government has supplied 115,000 *tonnes of grain* this year and has also offered its first limited military assistance.

Hawke promises to cut federal budget deficit

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MR BOB HAWKE, the Australian Prime Minister, said last night that Australia's federal budget deficit for 1985-86 is to be reduced in money terms. As a percentage of gross domestic product, the deficit will be cut from 3.3 to approaching 2.5.

The announcement should win plaudits for the Hawke Government, which has suffered a run of self-inflicted misfortune since it was re-elected three months ago.

Australia's businessmen will welcome the announcement as a further sign that Labor is resisting temptations to embark on a *social spending* spree. Widespread expenditure cuts will be inevitable.

The announcement will also be good for interest rates and the Australian dollar.

The Business Council of Australia, representing the country's 75 largest companies, said last week that a lower budget deficit would reduce the rate of growth of public sector debt interest, and help justify continued foreign support for Australian businesses.

The 1985-86 deficit will be pitched at about A$6bn (£3.8bn) against A$6.7bn currently.

Mr Hawke said a cut in the budget deficit "will have been achieved entirely through the combination of expenditure restraint and economic growth, without any increase in the overall tax burden."

Ministers were cheered yesterday by news that Australia's unemployment rate last month fell from 8.5 per cent to 8.3 per cent, the lowest for more than two years.

BUSINESS LAW

Some U.S. voices of reason

BY A. H. HERMANN, LEGAL CORRESPONDENT

THE INTRANSIGENCE of Judge *Harold Greene* of the Federal District Court in Washington has certainly inconvenienced the British Government by making it *necessary* to postpone the privatisation of British Airways; it may have even embarrassed President Reagan's Administration—or those *of its* department which do not wish to have their foreign relations spoiled by exorbitant antitrust litigation. However, Judge Greene's radicalism may yet prove to be a blessing in dis*guise*. It has provoked some U.S. judges and legislators to have second thoughts on the merits of an unbridled extra*territorialism* in the application of U.S. law.

The first and immediate reaction came from the Federal Court of Appeals* about a year ago in the course of reviewing one of the interlocutory decisions made by Judge Greene. It was reported in this column on March 29 1984: Circuit Judge Wilkey (as he then was), though a *staunch* extraterritorialist, said that international arbitration appeared more suitable than litigation in disputes of this kind, and Judge Starr, in a dissenting opinion, strongly attacked the long-arm tactics of the District Court.

This sweet voice of reason was followed in November 1984 by a denial of the U.S. court's jurisdiction *in the antitrust suit* of *McGlinchy v Shell*.†, On December 27 1984, another Federal Appeals court refused to apply U.S. antitrust law in *Timberlane III*‡ because foreign interest appeared to the court *stronger than U.S. interest*, and this was followed by an introduction of a Bill§ by Senator DeConcini on February 6 1985, seeking statutory confirmation of scuh respect for comity.

Finally, on February 26, Circuit *Judge Scalia* strongly underlined the importance which the presumption of only territorial reach of U.S. laws has for sparing the Executive Branch embarrassment in handling foreign relations. His was a dissenting judgment in a case ¶where the majority extended —rightly I would say—accident liability of the U.S. government for acts or omissions of its servants to the legal no-man's land of Antarctica.

Of the decisions referred to above, that in *McGlinchy v Shell* is of particular interest because it is one of the first to interpret the 1982 amendments to the Sherman Act. These exempt from U.S. antitrust law conduct that lacks the requisite domestic effect, even where such conduct originates in the U.S. or *involves* American-owned companies operating abroad.

The court held that this exemption applied to the allegedly anticompetitive activities of Shell International *Chemical Company* (Sicco). Moreover, while in the past U.S. courts have often assumed personal jurisdiction over foreign companies on the *slightest pretext*, in this case the court concluded that Sicco's activities were not sufficiently pervasive to subject it to general personal jurisdiction in the U.S.

There is a school of thought which would avoid legislative restrictions of the extraterritorial application of U.S. laws by relying on the courts' respect of comity, that is by their balancing the interest of the U.S. and of foreign countries involved in a particular case. Such a balancing test was outlined for the first time in the U.S. Court of Appeals for the Ninth Circuit when dealing, in 1977, with the complaint of Timberlane Lumber Company that the Bank of America conspired with others to prevent Timberlane from milling timber in Honduras and exporting it to the U.S. Dealing with the Timberlane case for a second time, the court applied this test and concluded that U.S. interests did not predominate over foreign interests so as to justify an extraterritorial application of U.S. antitrust laws.

The idea that the harmful consequences of the long-arm practices of U.S. courts could be avoided by *judicial* self-restraint and respect for important interests of other states, was also adopted by Judge Weis Jr. in the U.S. Court of Appeals for the Third Circuit, but is by no means generally accepted in the U.S. or in Europe. The Berlin Court of Appeal, for example, to which all appeals from decisions of the *Federal Cartel Office go* in the first instance, denies that comity is part of international law. The attempt by Senator DeConcini to have it entered in the U.S. statute book is therefore of considerable interest.

Yet even if the U.S. *courts* should be guided, as proposed in the Bill, by the balance of U.S. and foreign interests when deciding whether to assume jurisdiction in antitrust matters, it would still remain a great gamble for foreign parties to rely on on such a highly subjective test. U.S. interests, seen from greater proximity, are likely to loom larger than less familiar interests and legal policies of distant countries.

However, foreign companies could be helped by some of the provisions of the Bill if it is ever passed. These would make the courts consider jurisdiction early on as a preliminary issue and would extend the doctrine of the "most convenient court" to antitrust cases.

Finally, a *few* more words about the recent dissenting opinion of Circuit Judge Scalia based on "the *canon* of *construction* which teaches that legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the U.S. . . ." This presumption against the extraterrtorial application of U.S. law was employed by the judge as an argument against the extraterritorial appli- *Martin John Beattie v U.S.* which extended the waiver of sovereign immunity (contained in the Federal Tort Claims Act) to claims arising in Antarctica.

The litigation arose out of the crash of an Air New Zealand aircraft in which all persons on board were killed. It was alleged that the crash was due to the negligence of the U.S. navy air traffic controllers at a naval air station situated in the Antarctic region.

Judge Scalia's argument was further strengthened by a provision of the Act which excludes any claims "arising in a foreign *country.*" However, the majority opinion, the last written by Malcolm R. Wilkey in his capacity of Senior Circuit Judge of the Federal Court of Appeals in Washington, held that Antarctica was not a foreign country even if it was not part of U.S. territory. U.S. law could be extended to it in the same way as it could be extended to events on the high seas or in outer space.

Though I like Scalia's principles better, I prefer Wilkey's conclusions. Law, like nature, abhors a vacuum.

* *U.S. Court of Appeals D.C. Nos. 83-7280 and 83-1281.*

† *Wm. J. McGlinchy et al v Shell Chemical Co et al. U.S. District Court, North District of California, No. C-84-0474-SC.*

‡ *Timberlane Lumber Co v Bank of America . . . U.S. Court of Appeals, Ninth Circuit, No. 832908, 1985-1 T.C. 64,565.*

§ *S.397 A Bill to amend the Sherman Act and the Clayton Act to modify the application of such Acts to international commerce.*

¶ *Martin J. Beattie et al v U.S. No. 84-5413. U.S. Court of Appeals, D.C. unreported.*

Canada aims to lift local stake in oil industry

BY BERNARD SIMON IN TORONTO

THE CANADIAN Goverment will ecourage greater Canadian participation in the country's oil and gas industry, despite assurances that it welcomes foreign investment.

Miss Pat Carney, the Energy Minister, said in an interview that the Progressive Conservative Government, which took office in last September's general election, intends to require a minimum 50 per cent Canadian participation in oil and gas fields brought to production in those areas within the Federal Government's jurisdiction, including the Arctic and areas off the coasts of Newfoundland and Nova Scotia.

This "Canadian share" is intended to replace the controversial "back-in" provision of the 1981 National Energy Programme (NEP) which gave the Government a right to 25 per cent of all Arctic and offshore discoveries. Miss Carney said the difference between the two measures is that private sector participation will be included in the 50 per cent Canadian share.

"We welcome foreign investment, because we need it to develop our energy resources," Miss Carney said. "But we must maintain or increase Canadian ownership."

Canadian control of capital employed in the oil and gas industry has climbed steadily from 26 per cent in 1975 to around 55 per cent due largely to measures favouring local companies in the NEP. Foreign interests still control the country's four largest integrated oil companies, and overseas oil companies have taken the lead in exploration and development in the Arctic and off the east coast.

Officials of Mobil Oil are to meet Miss Carney in Ottawa today to discuss the impasse over the company's proposed acquisition of the Canadian assets of Superior Oil, the U.S. oil producer taken over by Mobil last year. Under Canadian law, official approval is required for transfer of control of a local company from one foreign investor to another. Superior Oil's Canadian interests include an indirect controlling stake in the big nickel producer Falconbridge.

The Government announced recently that two other U.S. oil companies, Texaco and Chevron, have agreed to increase local shareholdings in their Canadian subsidiaries in return for approval of their acquisition of Canadian assets stemming from takeovers in the U.S.

Mobil, whose Canadian subsidiary is the only integrated oil company in the country which is 100 per cent foreign-owned, has so far baulked at similar commitments. Miss Carney said that Mobil, like Chevron and Texaco, has been invited to make proposals for increasing Canadian ownership.

Reagan may agree joint effort on acid rain

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan was yesterday reported to be planning a conciliatory gesture on the sensitive issue of acid rain when he meets Mr Brian Mulroney, the Canadian Prime Minister, at the so-called "Shamrock summit" in Quebec City on Sunday and Monday.

Mr Reagan was said to be ready to agree to a "joint effort" by the two countries to tackle the problem, which Mr Mulroney has billed as one of the most important issues for the Quebec talks. It was not clear yesterday, however, what the joint effort would involve other than calling for a further report

The U.S. and Canadian positions on the issue are sharply opposed, with Canada insisting that the U.S. must help towards a "total solution" to the problem The U.S. has said that more research is necessary before additional funds can be devoted to a major new clean-up on its side of the border.

Saunders pressed to resign

By Robert Graham

INTENSE efforts are being made to persuade Mr Norman Saunders, the Chief Minister of the Turks and Caicos Islands, to resign following his arrest last week in Miami on charges of alleged illegal drug trafficking.

Since Tuesday, the British dependency's acting Chief Minister, Mr Nathaniel "Bops" Francis has been in Miama talking to Mr Saunders who is being held in jail with $2m bail posted.

Unless Mr Saunders agrees to resign, considerable complications could arise. He can only be forced out of office by a vote of no confidence by the islands' legislative council. The council is controlled 8-5 by Mr Saunders' supporters. Even though he is prison with two other council members, also on drug charges, he still could still muster a majority.

The islands, whose inhabitants number no more than 8,500, are understood to be calm, although the Chief Minister's arrest caused considerable shock. The British Government has refused to say whether it has despatched any extra naval vessels to the islands, situated 575 miles southeast of Miami. However, Britain is understood to have contingency plans should there be public order problems.

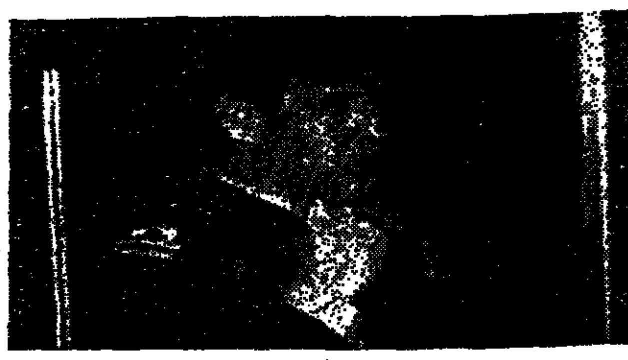
Bolivia strikers reject offer

SOME 50,000 workers who marched through the centre of La Paz yesterday demanded the immediate resignation of the Bolivian Government and rejected its proposals for settling a crippling week-old general strike, Reuter reports from La Paz.

...President Hernan Siles Zuazo's Government had offered a 165 per cent rise in minimum wages and a temporary freeze in prices to end the strike, but rejected worker demands, which include index-linked wages to defend against inflation of 3,400 per cent a year and price controls.

Jimmy Burns in Buenos Aires on jobs purge that has increased inter-service rivalry

Political tremors shake Argentine military

Gen Waldner takes over (left), as Lt Astiz is returned to active duty

PRESIDENT Raul Alfonsin's sweeping purge last week of the Argentine military hierarchy has revived deeply entrenched inter-service rivalries. The Government's apparent policy of divide and rule, designed to weaken the latent power of the military, seems unlikely to lead to any lasting improvement in its tense relations with the armed forces.

The purge was prompted by the patent refusal by sectors of the military to accept civilian power and their obstruction of efforts to clear up human rights abuses committed under the former military regime.

President Alfonsin "retired" 10 generals, four rear admirals and two air force brigadiers, bringing to over 60 the number of high-ranking officers sacked since the return of democracy. He appointed an air force officer, Brig Gen Teodoro Waldner, to head the joint Chiefs of Staff in a move that some officials claimed was a master stroke, aimed at putting the military firmly back in the barracks. Others believe, however, that the sacking was carried out with little regard for the consequences.

The Government's apparent alliance with the new air force leadership, also demonstrated last week by the tactical transfer of several air force squadrons from the interior to Buenos Aires, has already provoked the wrath of the traditionally more powerful army and navy. It is likely to make the civilian administration's attempts to professionalise the armed forces much more difficult.

The head of the joint Chiefs of Staff has assumed a key role since President Alfonsin began restructuring the armed forces last year. Following the removal of the junta, it has become the most important military post, subordinate only to the civilian Ministry of Defence.

Gen Waldner is the first ever air force officer to command the operations of all three services, upsetting the traditional tutelage of the army and, to a lesser extent, the navy.

Army and navy officers have now every reason to fear that the new appointment could lead to an attempt by the air force to secure a bigger slice of an increasingly small defence budget.

Both Gen Waldner and his new air force second in command, Brig Ernesto Crespo, belong to a generation of highly nationalistic air force officers who believe the nation owes them a favour on account of the role played by pilots during the Falklands war.

Brig Crespo earned public notoriety in July 1982 when he leaked a controversial internal memorandom he had written drawing on his experience as commander of the Patagonia-based air force squadrons during the war.

Highly critical of the alleged incompetence of both the army and the navy, the document implied that the UK task force might have been defeated had the air force been given more room to manoeuvre by the army and navy-dominated junta. Brig Crespo went on to recommend that the air force should henceforth have exclusive responsibility for all aerial operations.

Such recommendations are anathema to both the army and the navy, which continue to resist surrendering control of aerial transport and the fleet air arm.

Behind the raging debate over shares in future defence budgets are the sharp differences that exist between the services over what military men here like to call the "hypothesis of conflict."

Unlike Spain, where membership of Nato has acted as an important stimulant of professionalisation and depoliticisation, the Argentie military has had no defined strategic or financial context in which voluntarily to return to barracks.

President Alfonsin may have laid the emphasis of his foreign policy on world peace but he has so far failed to put together a coherent policy on the military's future role. Officers still see a need to think in terms of future potential wars, if only as the raison d'etre of their existence.

While the army still fears its two biggest territorial neighbours, Chile and Brazil, and a renewed outbreak of terrorism, the navy continues to see the South Atlantic as its natural patch. The air force, because of its performance in the Falklands war is confident of engaging in any future conflict, given the necessary equipment and appropriate political conditions.

The division between the military sectors was highlighted by a statement issued last Tuesday by the outgoing commander of the second army corps, Gen Hector Pino, which said that the army's role in the fight against political dissidents in the 1970s and early 1980s was "inevitable and legitimate."

It was a sharp reminder of the difficulties that Gen Waldner and the new army chief, Gen Hector Rios Erenu will face in the run-up to the trial of the former junta members next month.

Gen Pino is understood to be highly respected among middle and junior ranking officers, who continue to insist that the "disappearance" of over 8,000 Argentines following the 1976 coup was necessary to defend "Western Christian civilisation" from the threat of Left-wing revolution.

The country's highest military tribunal, the Supreme Council of the Armed Forces, composed of officers from the three services, last week exonerated naval officer Lt Alfredo Astiz from any blame in connection with human rights violations.

Lt Astiz, captured on South Georgia during the Falklands conflict, was returned to Argentina by the British. The French and Swedish Governments, along with local human rights groups, continue to allege that he was a notorious torturer and murderer.

The decision to return him to active duties seems to be another indicator of the military's attempts to reassert its version of history on Argentine society.

Violence grows in Guadeloupe

BY DAVID HOUSEGO IN PARIS

FRENCH police reinforcements were being flown to Guadeloupe in the Caribbean yesterday after a bomb on the islands killed one person and wounded eight others.

The incident reflects a rising curve of violence in recent years that has accelerated over the past two months. Guadeloupe is one of France's overseas departments. The local independence movement—in part inspired by events in New Caledonia—has become increasingly active.

The explosion at Pointe-a-Pitre, the capital, killed Mme Mario-Jose Aubery, the daughter of the local president of the Chamber of Commerce and of a French family long resident on the islands. The bomb was planted in a snack bar run by a prominent local member of the National Front, the extreme Right-wing organisation. Among those wounded were four U.S. tourists.

Gaudeloupe, like metropolitan France, goes to the polls again on Sunday for the second round of local elections. The Front is the movement most strongly opposed to any concessions to the independence movement.

Earlier this month Mme Michaux-Chevry, president of the local consoil general which runs the department, escaped an attack on her life. She is a close to the Parliamentary opposition in France.

Several members of the independence movement — the Revolutionary Alliance of the Caribbean—were condemned to heavy prison sentences in February.

New Yorker charged with $1m conspiracy

BY PAUL TAYLOR IN NEW YORK

U.S. LAW enforcement officials yesterday charged Mr David Gould, a 39-year-old New York City resident, businessman and former comptroller of Price Waterhouse, with conspiracy to "launder" about $1m (£922,000) through an unidentified bank in the British West Indies. The case represents the latest in a major crackdown by U.S. authorities on illegal money laundering in the U.S.

Mr Patrick O'Brien, Assistant Commissioner for Enforcement in the New York U.S. Customs Service, said the arrest resulted from "operation El Dorado," a joint undercover Customs and U.S. Internal Revenue Service money laundering investigation.

Mr Gould is charged with conspiring to violate the international currency reporting requirements of the U.S. Bank Secrecy Act. According to investigators, the cash was to have been flown on a chartered aircraft from an airport at Atlantic City, New Jersey. If convicted on the conspiracy charge, Mr Gould could face five years in jail.

WORLD TRADE NEWS

UK group awarded $130m buildings contract from Algeria

BY FRANCIS GHILES

Algeria's Ministry of National Defense has awarded a contract valued in excess of $130m to Baxter Fell International of the UK for the design and construction at a number of sites of administrative buildings and accommodation for Algerian army personnel.

The financing for these projects has been arranged by a syndicate of banks led by Kleinwort Benson and which includes the four major UK clearing banks, as well as Morgan Grenfell and Banque Arabe Internationale d'Investissements (BAII). The Export Credits Guarantee Department has provided guarantees for a loan of £99.6m, the largest such guarantee on a civilian contract in Algeria in ten years.

Baxter Fell, established in 1982, is a joint venture company between the Hoogovens (UK) Group and the construction arm of F. J. C. Lilley, the Scottish contracting firm.

Three years ago Baxter Fell won its first contract in Algeria worth just over $10m to construct 23 large supermarkets on a turnkey basis.

This contract confirms the growing success of British companies in Algeria. British exports to the North African country have increased steadily over the past few years, from £199m in 1982 to £272.4m last year. Many contracts in the telecommunications and mechanical engineering field are currently under discussion, but it is the negotiations which could lead to an Algerian decision to buy Hawk trainer aircraft that are the focus of most attention.

This upsurge in British interest comes after an unhappy period in the mid-1970s when the UK virtually wrote off Algeria.

Developments in that country since President Chadli Bendjedid was elected in 1979 have proved the pessimists wrong.

Tokyo steel accord signed

BY OUR TRADE STAFF

JAPAN and the U.S. have reached final agreement on bilateral steel trade, limiting steel exports to the U.S. below 5.8 per cent of the U.S. steel market retroactive to last October 1.

The two countries also decided to limit Japanese exports of fabricated steel structures, such as bridges, to 100,000 short tons a year over the next five years, separately from the main agreement over the same five-year period, the Japanese officials said.

Mr Taizo Yokoyama, Minister at the Japanese Embassy in the U.S., and U.S. deputy trade representative Robert Lighthizer represented each side, agreeing to limit Japanese steel exports in six categories and seven subcategories.

Canadian groups team up for China hydro deal

By Robert Gibbens in Montreal

A CANADIAN consortium comprising the SNC group, Acres International, Lavalin Incorporated, Hydro-Quebec International and British Columbia Hydro, with federal Government support, will make proposals to engineer and manage construction of sectors of the giant Three Gorges Hydro project on the Yanatze river in China.

The consortium has signed a protocol with Chinese Government agencies to carry out feasibility studies on dikes, coffer dam, transmission systems and switchyards. The consortium probably will bid on some of the turbine-generators required, whether they are 500 Mw units or 750 Mw units, and arrange a transfer of technology to the Chinese, who so far make units with maximum 250 Mw capacity.

The project, will take 18 years to complete and will have 13,000 Mw of capacity. Its cost is estimated at $12bn (£11bn).

For the turbine-generator stage, Canadian General Electric and Marine Industries Limited, would join the consortium with other Canadian equipment suppliers. The same Canadian consortium, except B. C. Hydro, is also negotiating feasibility studies on two further hydro projects in China at Geheyan and Long-tang, each in 2,000Mw range.

In this case the consortium would offer complete engineering and a construction management package including financing.

The federal Government is playing a major part in organising competitive financing for parcels of work for Three Gorges likely to be won by Canada.

Consortium officials say financing terms are critical. The Three Gorges project includes the world's largest volume concrete dam, 165 metres high and 2,000 metres long, two power plants housing 26 turbine-generators rated at 500Mw, a double-lane lock with capacity of 50m tonnes of cargo yearly, spillways and switchyards, plus transmission systems.

Mauritania buys mining plant from Finland

By Olli Virtanen in Helsinki

OUTOKUMPU, the Finnish mining and metallurgical company, has sold an ore dressing plant for a copper mine to Mauritania.

The deal, worth approximately £20m, will help reopen the country's only copper mine which was shut down a few years ago. Outokumpu will supply the mine with a crushing plant, a concentrator and a storage building complete with conveyors.

The mine at Akjoujt, about 260 km north-east of the Mauritanian capital Nouak. All of the concentrate will be exported.

The mine will be operated by SAMIN mining company. Its shareholders include the state of Mauritania and the Jordan-based Arab Mining Company.

Outokumpu has sold a number of similar plants world wide but none so far to an African or Arab country.

● Imatran Voima, the Finnish state-owned power company, and its Swedish counterpart Vattenfall have agreed to build a power line between the two countries. The total cost of the line, which will link central Sweden with the southern part of Finland, will be Fmk 900m (£120m). If both government's approve the project, the underwater cable will be switched on in 1987.

Alain Cass assesses forecasts that Peking will crowd out rival competitors by 1990

China tipped to change face of world trade

CHINA LOOKS set to emerge as a significant export force by the end of the decade offsetting its allure as a potentially vast market.

A fundamental shift in economic policy since 1980 aimed at boosting growth and increasing the volume of trade has already had a marked effect and some of China's competitors are beginning to feel the pinch.

If the present outward-looking policies continue, according to some recent studies, Chinese penetration of world markets could crowd out rivals, force prices downwards and create protectionist demands by the end of the decade.

This is already beginning to happen, Thailand, for example, is finding its grip on its traditional markets for food—maize and rice — being loosened by China, which offers lower prices and better quality.

India is under pressure from China in some of its Western markets for cheap cotton fabrics, yarn and, in the Third World, light engineering goods.

Malaysia and Singapore are expressing private concern at China's potential challenge to their export of electronics, textiles and clothing. Even Asia's stars—Taiwan and South Korea—are looking nervously over their shoulders.

China's comparative advantage as a low-cost, labour-intensive producer is beginning to erode their competitive edge as their own costs rise. The recent row between the U.S. and China over Washington's unilateral imposition of quotas on Chinese textile imports is another case in point.

China's share of total world trade remains small, certainly by comparison to the country's size, population and resources. As an exporter it ranks alongside Spain and Singapore.

However, this small share—just over one per cent—conceals some important changes which could lead to sustained growth in China's contribution to world trade.

A recent study by the Research School of Pacific Studies at the Australian University in Adelaide suggests that China's share of world trade could double by 1990.

The report, part of a series of studies on the Chinese economy by the University, pinpoints textiles, floor coverings, clothing and footwear as the areas in which Chinese exports are likely to have a major impact.

Other sources identify arms sales as a potential money-spinner for China. These are said to save risen from virtually nothing in 1981 to $1.5bn (£1.37bn) in 1983 China's oil exports have also risen steadily as production increases

The authors of the Australian report admit that some of their conclusions are tenuous since

> If China sustains its production and growth targets of 7 per cent a year, its share of world markets would range from over 6 per cent in footwear to 28 per cent in non-cotton textiles by the end of the decade.

they are based on the uncertain assumption of continued political stability and sustained economic growth in China. Their detailed analysis of the growth of China's trade patterns nevertheless points to some interesting and, for Peking's competitors, worrying trends even allowing for the inaccuracy of Chinese figures.

Chinese exports grew at 20 per cent per year (imports at 18 per cent) in nominal terms between 1976 and 1983, more than double the annual rate of growth in world trade. The ratio of exports to national income rose from 5.6 per cent to 9.6 per cent the same period, according to the report.

The recent surge in Chinese trade was marked by the increase in its dealings with Japan in 1984. Two-way trade between the two countries totalled $13.16bn last year against $10.3bn the previous year.

Huge jumps in Chinese imports of Japanese goods (steel cars and TV sets) were matched by increases in China's exports to Japan of textiles, food and crude oil which alone accounted for $2.3bn.

Across the Pacific, the National Council for U.S.-China Trade said recently that two-way trade will increase by $1bn this year to reach $7bn.

In its report the school postulates that, were China to sustain its production and growth targets of 7 per cent a year, its share of world markets would range from over 6 per cent in footwear to 28 per cent in non-cotton textiles by 1990.

China's world share in the silk trade of 75 per cent in 1980 would, says the report, soar to 100 per cent as the market contracts at 7 per cent a year by the end of the decade.

The report also forecasts a ten-fold increase in China's share of world trade in textile yarn and thread, even allowing for a reasonable margin of error.

The report draws interesting conclusions from the recent agreement between China and the UK in which Hong Kong will become a Special Administrative Region of the mainland in 1997.

"The addition of Hong Kong (already) makes a significant difference to the shares, particularly for unskilled labour-intensive goods (originating in China), into Australia the U.S., and the six-nation Association of South-east Asian Nations," says the report.

Excluding Hong Kong the most important destination countries for Chinese goods are the U.S. and Japan, followed by Australia, Singapore and Indonesia. In Europe China's chief targets are France, Italy and Germany.

The report identifies Japan, South Korea and Taiwan as China's major competitors in clothing and textiles and South Korea, Taiwan, Italy and the U.S. in footwear.

It forecasts a change in the export patterns of China's Pacific rivals—Japan, South Korea and Taiwan—away from light manufactured goods as these countries shift towards more sophisticated, capital-intensive exports. China says the report will fill the gap.

How much of this proves correct depends largely on China's success in pushing through its present economic reforms and maintaining political stability to attract foreign investment and know-how.

It seems likely, however, that the days when China was a mere shadow on the world export scene are over.

China and Pacific Merchandise Trade: Composition and export growth in the 1990s. Research School of Pacific Studies, Australia National University, Adelaide, Australia.

Israel expands barter trade links

BY DAVID LENNON IN TEL AVIV

ISRAEL'S role as a countertrading nation is growing in importance because of its pressing need to maintain its hard fought market share in countries with foreign debt problems. An additional reason is that its own market is too small to absorb all items offered in return for its own goods and services.

"Israel is a small market, and so most of the goods being offered in countertrading are not needed here. Our company is very active in trying to find markets elsewhere for buy-back goods," according to Mr Shmuel Ben-Tovim, the general manager of Bartrade. In effect, countertrading for Israel means the structuring of triangular transactions, says the head of this new countertrading company.

Israel has business relationships in Latin America, South-east Asia, Africa and Eastern Europe where the foreign debt crisis has created difficult financial obstacles in relation to their trading partners.

Israel's military exports to Latin America and Africa are in the hundreds of millions of dollars yearly, with turnkey projects and construction deals also included in exports. Exports were deliberately slowed when the debt problems arose, until countertrade was seized as the way to expand this business.

Israel agreed two years ago to buy meat and other products from Paraguay in return for the purchase of Israeli aircraft, chemicals and agricultural equipment.

More recently agreements were reached for a $100m (£91.7m) counterpurchase arrangement with Mexico for the oil Israel buys and a $350m barter deal for Colombian coal.

In addition to such agreements, a buy-back clause must be included in every contract for the purchase of more than $50,000 worth of goods or services abroad by a government agency, state corporation, state-assisted organisation or institution. The supplier is required to buy Israeli goods or services valued at 35 per cent of the amount of the sale.

Both state and private bodies are involved in this developing aspect of international trading. The government has established the Industrial Co-operation Authority, which deals mainly with military products, and companies like Bank Leumi have set up their own countertrading companies.

Mr Zvi Alon, the director of the state authority, said recently that "because of our heavy purchases abroad, reciprocal purchases reached $500m in 1984 and will probably be higher this year." About 200 private American corporations have buy-back agreements with Israel.

"It's a fascinating field of activity, very complicated and very difficult," notes Mr Eliezer Lerner, executive vice-chairman of Bartrade. "You have to be careful when concluding deals because you have to deal with more elements than in normal banking. There are always risks involved, and you are dealing with problematic countries."

Mr Lerner, a veteran banker also warns that the rate of success in this business is relatively low. "If you are dealing with 20 projects, you will be lucky if five or at best 10, come through."

Eximbank approves Cerrejon loan

By Nancy Dunne in Washington

THE U.S. Export-Import Bank has approved a $130m (£118m) loan andl a guarantee of $40m for private-sector lending to finance the sale of U.S. goors and services to the multi-billion dollar Cerejon coal-mining project in Colombia.

The loanse will generate sales of diesel engine locomotives, railroad cars, mining trucks and equipment, tractors and spares, as wel las engineering services for nine U.S. companies.

These include General Electric Company, Ortner Freight Car Company, a division of Dresser Industries, Ingersoll-Rand Company, Caterpillar Inc., Goodyear Tire and Rubber Company, Atlas Powder Company, Harnishfeger, Terex and Morrison Knudsen Company.

Eximbank says the financing will generate sales worth ;200m for the Cerrejon project, the world's largest open-pit coal mine—a joint venture between Carbones de Colombia SA, the Colombian Government-owned coal development agency, and International Colombia Resources Corporation,

Soviet Union airline may thwart West's sales drive

BY DAVID BUCHAN IN BUDAPEST

THE OPPORTUNITY for Western commercial aircraft manufacturers to win orders in Eastern Europe is fast receding in the face of the Soviet development of a new, medium-range jet liner that is expected to meet noise-abatement requirements in the West.

Most Western countries will require lower noise levels from their airline fleets at the beginning of 1986 and from other airlines using their airports at the start of 1988, under an agreement reached in the International Civil Aviation Organisation (ICAO).

As a result, some East European airlines, particularly Malev of Hungary and LOT of Poland, have been seriously entertaining numerous proposals from Western manufacturers, notably British Aerospace (BAe), Airbus, Boeing and McDonnell Douglas that they should buy Western aircraft to replace some of their generally noisier Soviet-built fleets.

Such a purchase would be a major step with economic and political ramifications. But, until very recently, some East European airline managers felt they might have no alternative if they wanted to continue flying to and from the West.

But, according to Dr Endre Vilmos, Malev's deputy general director, the Soviet Ministry of State Aviation has issued "noiseworthiness" certificates, claiming that several Soviet-built models, notably the Tupolev 134 and Tupolev 154-B (the workhorses of Eastern Europe's fleets) will meet the forthcoming ICAO - agreed limits.

In addition, the Soviet Union has developed a new version, the Tupolev 154-M (standing for "modified"), and made its first export sale of two of them to Balkanair, the Bulgarian carrier, though these are still being fitted with Western-bought radar in the Soviet Union.

The Soviet Union claims that the 154-M is quieter than the 154-B, which itself may just pass the new noise tests, according to British Aviation noise experts. It may also use less fuel—between 6 and 15 per cent less, according to Hungarian estimates—than the earlier Soviet version of the Tupolev 154.

Dr Vilmos stressed that Hungary has every economic reason to continue buying from the Soviet Union. While Western aircraft may be quieter and more fuel efficient, they remain much more expensive to buy, if not to fly, particularly if priced in dollars or bought on high interest rate credit, compared to Soviet aircraft which can be paid for in transferable roubles, Comecon's barter currency.

"So Malev is ready to wait, at least until 1986, before making any decision," Dr Vilmos said.

The Hungarian airline will wait and see how the new Soviet aircraft performs in Bulgarian hands, now the Soviet noise certificates are received by Western airport authorities.

If all else fails, it would still have time to order Western aircraft by 1988, Dr Vilmos believes.

Community urges Japan to align exporting policies

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Community is drawing its trade squabbles with Japan into the preparatory work which might lead to a new multilateral round of trade negotiations later this decade.

It is essential, the European Commission said yesterday, that Japan aligns its exporting policies with those of its most important trading partners. Japan, noted the Commission, is one of the countries seeking to initiate a new round.

This was listed as one of five conditions around which a consensus should be reached in the international trading community to ensure the success of a new round of liberalisation talks.

The reference to Japan's exporting policy reflects the concern, and from time to time anger, both in the EEC and in Japan, about the Japanese trade surplus, and more particularly the running deficit of the EEC on its Japan trade.

Specifically, the EEC has for long complained of what it sees as the Japanese practice of targeting its exports in a few sectors.

The Commission's link between a new trade round and Japanese policy comes shortly after a round of high level bilateral consultations which left delegates from Brussels dissatisfied with the evolution of Japanese measures to liberalise its own market.

The link has been established as a preamble to a meeting of Community trade ministers next Tuesday. Then, the ministers will be discussing the EEC approach to a new trade round.

Opinions in the Community are divided. At one end of the spectrum, Germany and Denmark are wholly in favour of a new round, while at the other end, France and Italy remain very cautions.

France and Italy, indeed, have made their own link between the advisability of a new trade round and a resolution of international monetary and financial problems. This approach has apparently been rejected by the U.S., but it crops up in the list of Commission conditions for a new trade round under the aegis of the General Agreement on Tariffs and Trade.

Rejecting the notion that a new round can be imposed by a minority of countries, the Commission's other conditions for success are:

● a balance of topics for negotiation between the old—safeguards and so on—and the new, like services;

● an increase in aid to developing countries;

● stopping the spread of protectionism and starting to dismantle protectionism which exists.

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Henry Ansbacher	14 %
Amro Bank	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank Hapoalim	14 %
BCCI	14 %
Bank of Ireland	14 %
Bank of Cyprus	14 %
Bank of India	14 %
Bank of Scotland	14 %
Banque Belge Ltd.	14 %
Barclays Bank	14 %
Beneficial Trust Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
CL Bank Nederland	14 %
Canada Perm'nt Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons**	
Citibank NA	14 %
Citibank Savings	¶12¼%
Clydesdale Bank	14 %
C. E. Coates & Co. Ltd.	14½%
Comm. Bk. N. East	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
The Cyprus Popular Bk.	14 %
Dunbar & Co. Ltd.	14 %
Duncan Lawrie	14 %
E. T. Trust	14½%
Exeter Trust Ltd.	14½%
First Nat. Fin. Corp.	15½%
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■ Robert Fleming & Co.	14 %
Robert Fraser & Ptns.	14½%
Grindlays Bank	‡14 %
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C. Hoare & Co.	†14 %
Hong Kong & Shanghai	14
Johnson Matthey Bkrs.	14 %
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Lloyds Bank	14 %
Edward Manson & Co.	15 %
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Mount Credit Corp. Ltd.	14 %
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National Girobank	14 %
National Westminster	14 %
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Provincial Trust Ltd.	15 %
R. Raphael & Sons	14 %
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UK NEWS

Ravenscraig coke plant 'needs £90m renewal'

BY MARK MEREDITH IN EDINBURGH

THE long-term future for steel in Scotland requires the total renewal of coke-making facilities at the British Steel Corporation's (BSC) Ravenscraig works, according to the Scottish Council, Development and Industry.

The council's executive, an industrial lobby group with members from the private and public sectors, has proposed recommending to BSC and the Government that about £90m be spent on a new set of coke ovens.

Ravenscraig's ageing coke-making facilities represent the next big hurdle for BSC in planning the long-term future of its strip steel-making works in Britain. The corporation has favoured the closure of the Scottish mill but encountered fierce all-party opposition in Scotland because of the implications of a shutdown.

Replacing three ovens with modern technology would improve efficiency and maintain self-sufficiency. That option would cost about £60m. The Scottish council's leadership preferred the full renewal.

"The considerable efforts of the management and workforce in achieving major production gains over the past three years required a vote of confidence on this scale," their paper said.

The long-term uncertainty hanging over Ravenscraig led to the decision by the 4,200 workforce not to back the miners' strike and to reduce operations at the big mill near Glasgow to a care-and-maintenance basis.

The road deliveries of iron ore and coal to Ravenscraig are reverting largely to rail. BSC management, with the understanding of the steel unions, used road haulage to bypass a blockade by rail unions supporting the miners.

Production at Ravenscraig has been assured during the modernisation of the Port Talbot works in Wales. Some managers, however, see the Government and the corporation facing having to decide in the pending BSC corporate plan whether to carry out expensive modernisation at the third strip mill at Llanwern in Wales by installing fuel-efficient continuous casting methods of steelmaking or making less expensive improvement at Ravenscraig, which is further from the steel markets.

Closing the coke works would make Ravenscraig dependent on imports and dramatically increase costs. Repairing the coke ovens for £20m would not improve productivity.

HOPE FOR 4,000 SALES IN 12 MONTHS

Dealers sought as Malaysian carmaker enters UK market

BY JOHN GRIFFITHS

UP TO 90 dealers are being sought in the UK to sell the first range of cars to be produced in Malaysia. Mainland Investments, a Warrington-based group, has spent 11 months negotiating the import concession for the UK and Irish Republic with the Malaysian authorities. It hopes to sell between 4,000 and 5,000 in the first 12 months after the cars' UK launch in spring next year.

Production of the cars is to start in July at a new "national car project" facility funded heavily by the Malaysian Government. The manufacturing company, Proton (Perusahaan Otomobil Nasional) is a joint venture between the Heavy Industries Corporation of Malaysia (Hicom), the government agency for developments aimed at broadening the country's economic base; and Mitsubishi Motors Corporation and Mitsubishi Corporation of Japan.

The front-wheel-drive car, with engines of 1.3 and 1.5 litres, will use Mitsubishi mechanical components. The body and interior are styled and are being manufactured by Proton.

It is to be called the Proton Saga when it goes on sale in Malaysia's domestic market this year. A different name will be used in the UK.

Mainland Investments has set up a new company, Proton Cars (UK) to handle the marketing, finance and parts operations of the new franchise. Its managing director is Mr Harry Knopp, Mainland Investments' deputy chairman, who until a year ago was marketing director of Lada in the UK.

Mainland Investments is a private group operating 17 retail vehicle outlets, covering eight franchises, in the north east of England. They include what was claimed to be the UK's first car "hypermarket," set up on a 3½ acre site at Aintree racecourse last year and which groups several franchises under one roof.

Initially, Proton Cars (UK) is to be based at Mainland Investments' Warrington headquarters; but a new administration and parts distribution centre, also in Warrington, should be completed next year.

The cars are expected to compete in price "against vehicles from other emerging car producers in the region," according to an official. At present, the only non-Japanese imports from the area are from Hyundai of South Korea, whose existing Pony and Stellar models sell in the UK for between £4,000 and £6,000 (although the Stellar is a larger vehicle, with a 1.6-litre engine).

Under Maleysia's status as a developing country, the first 3,500 imports to the UK will be duty-free. Thereafter they will be subject to a tariff of 10.5 per cent. Until January, 1983, cars from countries such as South Korea paid no import duty. The decision to impose the 10.5 per cent tariff was on an EEC-wide basis.

First-year production of the Proton is expected to be only 19,000; but the long-term target is to produce around 120,000 a year by 1990. Initially, Malaysian content will be 42 per cent. The Malaysian Government plans to increase that significantly, with the aim of stimulating its metal, plastics, rubber and electrical industries.

Hicom holds 70 per cent of Proton's equity, with the remainder split equally between the two Mitsubishi concerns. The project is costing an estimated £200m.

● The UK importer of Hyundai cars is seeking to expand its dealer network from 183 to 250 to cope with a sharp rise in sales since imports first began three years ago. Hyundai Car Distributors (UK), part of the International Motors group, increased car sales by 42 per cent last year to 4,989, and light commercial vehicle sales by 24 per cent to 1,427.

The improvement has accelerated this year, with sales in the first two months almost doubling to 794, compared with 404 in the same period of 1984. Its market position is expected to be strengthened with the launch of a new front-wheel-drive hatchback model this year.

Consumer drive for safer goods

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MANUFACTURERS who flout consumer safety laws will come under increasing attack from the Consumers' Association as part of a campaign to improve product safety.

The campaign, launched today as part of World Consumer Rights Day, will include pressure on the Government to bring in consumer safety legislation, spelt out in a White Paper (policy document) published last summer.

The Government, however, has not yet committed itself to a timetable for introducing the legislation under which all companies would have a general duty to provide safe products.

Mr Peter Goldman, the association's director, yesterday criticised "manufacturers who, when challenged on the safety of their products, go in for evasion and foot-dragging." He said they must "be made to realise just how much consumers care about safety issues."

Mr Goldman said he believed the accident figures – at least 3m home accidents requiring medical treatment each year – could be reduced drastically.

Although the association has for long campaigned to improve safety standards, he felt the matter was so serious as to require its "moving into a higher gear, with more testing, more reports, and more pressure on Government and manufacturers."

He also said that, through European consumer groups, the association would "press the European Commission to introduce a product liability directive, holding manufacturers strictly liable for injury or damage to unsafe goods."

Meanwhile, the National Consumer Council yesterday called for a large increase in child benefit as a central reform of the social security system.

Watchdogs with their eyes on Europe

By John Hunt

MR MICHAEL JOPLING, Minister of Agriculture, ran the gauntlet once again this week when he made his annual appearance before the House of Commons Select Committee on European legislation. It was a pleasure to hear the bluff and amiable minister, with his background as a wealthy farmer, condemning the excesses of the Common Agricultural Policy (CAP).

He thought it was absurd that in milk products and grain the Community had encouraged the production of massive surpluses, and that 600,000 tonnes of beef were in store.

On these occasions, it is always advisable for a minister to talk tough. The watchdog committee which keeps an eye on the proposals coming out of the EEC includes prominent anti-marketeers, notably the redoubtable Tory MP Tony Marlow. The chairman, Labour MP Nigel Spearing, is also a veteran opponent of the Community, although this does not show in his scrupulously impartial handling of the committee's sittings. "I am not going to conduct my negotiations in the committee," protested Mr Jopling at one stage, when he was hard-pressed by Mr Marlow over beef premiums. "We quite understand that," murmured the chairman soothingly.

According to Welsh Labour MP and former European MP Ann Clwyd nothing had changed over the past five years. The Commission and Council of Ministers were still capitulating before the agricultural lobby spearheaded by French farmers wielding pitchforks and throwing cow dung.

"It isn't just in Brussels that farmers demonstrate as I know to my cost," replied Mr Jopling with a shudder. No doubt he was remembering how he was besieged in a village hall, for several hours last year by Welsh dairy farmers angered by the new milk quotas. After an hour's tour around the troubled affairs of CAP, the committee's session ended smoothly with graceful compliments all round.

"The whole House is grateful to the committee for what it does," said the minister. "I hope it is rare that we offend you and if we do, it is not intended." As a result of the hearing the committee will produce the minutes of the ministers' evidence and a full background report which will be available to MPs in time for next week's House of Commons debate on the CAP price proposals for 1985–86.

The Minister's compliment to the committee was well deserved as far as it goes. But this watchdog body does have to work within a narrow remit which some anti-market MPs would like to see widened. Its task is to consider draft porposals by the European Commission and other documents submitted to the Council of Ministers. It then decides whether they raise matters of legal or political importance, to what extent they affect the laws of the UK and recommend some for consideration by the Commons.

The idea is that their opinions should influence the conduct of ministers and the Government should take no final decision until the proposal has been debated in the House.

Cost of living up sharply in dearest areas

By Andrew Arends

A FAMILY of four living in South-East England in a four-bedroomed, detached house on a 61 per cent mortgage, running a 2,000cc car, eating 184 meals a year out, with golf club membership and with one child at a fee-paying school now requires more than £37,750 in gross income to maintain its standard of living at its January 1984 level. That compares with just less than £31,000 required by the equivalent family in Yorkshire or Humberside, in the North.

Moreover, in the South-East and Greater London areas, for all classes, gross income had to increase by 7.6 per cent to keep living standards at their January 1984 level, compared with a required increase of just 3.9 per cent in Yorkshire.

That is shown by an inquiry into regional prices by Reward Regional Surveys, a private operator of cost-of-living survey. It is published today.

The average price of a four-bedroomed, detached house in the South-East is now more than £90,000, compared with £59,400 in Yorkshire.

The survey also says housing prices are continuing to rise faster than the rate of inflation. Compared with January 1984, housing prices have risen by an average of 8.8 per cent nationwide.

Regional Cost of Living Report; Reward Regional Surveys, 1 Mill Stone, Staffs, ST15 8BA; £35.

Ministers worried by star wars project

THE BRITISH Government retains major reservations about both the justification and the practicality of the Reagan Administration's Strategic Defence Initiative (SDI), the star wars project, but believes it can best influence U.S. policy by avoiding public criticisms, Peter Biddell writes.

Senior ministers are worried that the proposals represent a major increase in the arms race, but they regard as naive recent suggestions by both Mr Edward Heath, the former Prime Minister, and Mr Denis Healey, the Shadow Foreign Secretary, that European countries should jointly and publicly criticise the U.S.

The British view is that its influence can best operate by encouraging closer contacts with the Soviet Union and by privately encouraging the principal U.S. response to the Geneva talks.

In public, the UK will continually stress a distinction between research on SDI, which it supports, and full testing and deployment which must be negotiated under the terms of the anti-ballistic missile treaty of 1972.

Mrs Margaret Thatcher, Prime Minister, repeatedly emphasised this point in her Moscow press conference on Wednesday and said that no one was talking about renegotiating the treaty. This approach is seen as a way of publicly supporting the U.S. and of puncturing any belief that SDI deployment will be automatic.

□ SUCCESSFUL clothing companies in the next decade will be the ones that maximise their abilities to serve international markets, Professor Jose de la Torre says in a booklet published by the Trade Research Centre. Much investment will be needed outside domestic markets in order to extend trade and balance cost structures.

□ A SWISS collector paid £36,300 at Sotheby's in London for one of the world's oldest stamps. The 1861 Bermuda penny stamp was one of only five known to exist.

□ A GEORGE Cross medal awarded posthumously to a soldier killed by a terrorist bomb in Northern Ireland was sold for a record £20,520 at a Christie's London auction. The medal, bought by the National Army Museum, was awarded to Sgt Michael Willetts, who died in 1971 while evacuating women and children from a Belfast police station.

□ A YEAR'S ban on Leicester rugby football club using a recreation ground in the city because the club refused to condemn last year's English tour of South Africa has been upheld by the Court of Appeal.

The court ruled by a 2-1 majority that Leicester City Council did not act unlawfully in imposing the ban. Six club members are now to appeal to the House of Lords.

□ OPENING of a fourth terminal at Heathrow, London, airport is likely to be delayed after difficulty in reaching agreement with the airlines. It was hoped that the £200m terminal would be in use by November this year. The expected opening date is now the spring of next year.

□ INTEGRATION of the 11 government departments concerned with British tourism is urged in a report by Mr Robert Banks, MP and vice-chairman of an all-party tourism group in the House of Commons.

□ THE POST Office is to streamline its mail-carrying operation with an order for nearly £2.5m worth of lorries placed with Leyland Trucks.

□ BRITAIN'S highest paid civil servant will take up his post next week. Mr Peter Levene, former chairman of United Scientific Holdings, will become chief of defence equipment procurement at a salary of £95,000 a year.

Al-Fayeds clear hurdle for Fraser takeover

BY JOHN MOORE, CITY CORRESPONDENT

THE Al-Fayed brothers yesterday cleared a big hurdle in their £615m bid to gain control of House of Fraser, Britain's largest department store group. Mr Norman Tebbit, Secretary of State for Trade and Industry, decided that the bid by the three Egyptian brothers should not be referred to the Monopolies and Mergers Commission.

The Al-Fayed family already has 51 per cent of the shares in House of Fraser after their bid, which Fraser directors have recommended their shareholders to accept. Last-minute lobbying by Lonrho, once House of Fraser's largest shareholder, had put the final outcome of the Al-Fayed bid in doubt. Lonrho had been arguing that the bid should be referred in order to gain time to for its own bid campaign.

Lonrho director Mr Paul Spicer, last night attacked Mr Tebbit's decision. "It is a scandal; it is shabby and it is a farce. Lonrho bid in 1981 and was referred to the Monopolies Commission and that went on for four years. Now the Al-Fayeds come in from behind the bulrushes and they are waved through. It is shabby."

Lonrho chairman Sir Edward du Cann said: "Many questions arise from this affair." He added: "Who will the real owners of the House of Fraser be? Is it appropriate that substantial British assets should be so easily acquired by foreigners?"

Mr Tebbit also released Lonrho from the undertakings that it gave not to raise its stake in Fraser above 29.9 per cent at the end of 1981, after a ruling by the Monopolies and Mergers Commission that any bid by Lonrho would operate against the public interest. Last week the commission reversed its decision and said any bid by Lonrho would not operate against the public interest.

In arriving at his decision, which might end a corporate takeover battle which has lasted nearly eight years, Mr Tebbit took into account statements and assurances made by the Al-Fayed brothers, Mohamed, Ali and Salah about their offer and their intentions. The statements were corroborated by their merchant banking advisers Kleinwort, Benson.

Planned bar to failed concerns' directors lifted

By Alison Hogan

THE Government has bowed to public pressure and abandoned controversial proposals to automatically disqualify directors of companies that go into compulsory liquidation.

"Every single submission on the Insolvency Bill was against it," said Mr Alex Fletcher, Minister for Corporate and Consumer Affairs.

New amendments to the Insolvency Bill were tabled in the House of Lords yesterday which omit the controversial clauses 7 and 8, on automatic disqualification but toughen up the existing clause 9, which puts a duty on the courts to disqualify unfit directors of companies in liquidation.

A new duty will be put on liquidators in voluntary liquidations, to report to the Department of Trade and Industry if they feel a director of an insolvent company "is unfit to be concerned in the management of a company."

The Secretary of State will then decide whether to make an application to the court for his or her disqualification.

The new proposals will require an increase in resources of the Insolvency Service and so could reduce the £500,000 saving the Government hoped to make through lower staff costs.

The effectiveness of the new proposals rests on the liquidators' carrying out their duty to report to the DTI. Mr Fletcher warned that in cases where the DTI receives complaints about directors and finds that the liquidator has failed to report "we will go to the licensing body of the liquidator and look to it to discipline him."

The Institute of Directors, which has campaigned with other business groups to change the Insolvency Bill, described the Government's move as a climbdown and an important victory.

The Lords will debate the tabled amendments next Thursday, including clause 11 on wrongful trading. The Government has slightly redrafted the clause but has not changed the controversial proposal that a director may be made personally liable for the debts of a company if they knew or ought to have concluded that the company was insolvent.

LEADERS CHALLENGED ON OVERTIME BAN AND LEVY

Three pit areas revolt against union

BY JOHN LLOYD, INDUSTRIAL EDITOR

THREE AREAS of the National Union of Mineworkers (NUM) – Nottinghamshire, Leicestershire and South Derbyshire – yesterday agreed to challenge the authority of the national executive on the 16-month-old overtime ban and the forthcoming ballot on a 50p weekly levy to sustain miners sacked during the year-long strike.

Mr Roy Lynk, the Notts acting secretary who has put himself at the head of what is claimed to be a revolt from below against the left leadership, said last night that the three area executives had established a "new democratic section" of the NUM, to which he believed other areas of the union would rally.

The overtime ban is effectively being undercut in a number of areas. Miners in Staffordshire, Lancashire, north and south Derbyshire and Leicestershire are all agreeing to work overtime to secure pits' safety – and even to do maintenance work. In most cases, this is being done with the acquiescence of NUM officials.

The three rebel areas said the strike was called on an area basis, and that the leadership's decisions to prosecute it as a national strike had caused splits and divisions.

The statement also said that the executive's call for a ballot on a 50p levy per member per week to support those miners dismissed during the strike could not be undertaken because the sequestration of the union's funds meant that Mr Peter Heathfield, the general secretary, was not legally empowered to handle such funds.

Treasury abandons pay freeze

BY DAVID BRINDLE, LABOUR STAFF

THE TREASURY was last night forced to abandon proposals it had tabled only hours earlier for a pay freeze for some computer specialists in all Civil Service departments.

The proposals, which had been contained in an opening Civil Service pay offer worth 4 per cent on the salaries bill, had provoked an outcry among the computer workers and a walk-out at the value added tax computer centre at Southend.

The Treasury's climbdown represented a disastrous start for the Government in pay negotiations, which, handled badly, might lead to widespread support among 500,000 civil servants for union plans for industrial action from April 1.

The pay offer would give a £4 a week increase to full-time adult workers earning less than £8,550 a year and 4 per cent or £4, whichever is greater, to the remainder. The unions have lodged a variety of claims, mostly based on a demand for £15 a week or 15 per cent.

However, the Treasury's proposals also included a plan to restrict payment of an automatic data processing (ADP) allowance paid to many of 6,000 computer specialists in grades of executive officer and higher executive officer.

The allowance can give an executive officer up to £981 on top of his present salary maximum of £8,492. In a letter yesterday to the Society of Civil and Public Servants, the specialists' union, the Treasury said it wished to contain the allowance "within the scale maximum" and that payment would continue "on a mark-time basis."

The Treasury confirmed that this could mean a pay freeze this year – and possibly longer – for staff in receipt of the allowance, until salary alone rose above the present gross level of salary plus ADP.

The move was necessary, the society was told, in the interests of staff mobility.

Within hours of the plan being disclosed, computer staff in many Civil Service departments were threatening action unless it was withdrawn, and departmental managers were pressing the Treasury for an explanation.

Hestair to restructure vehicle operations

BY JOHN GRIFFITHS

HESTAIR, the industrial group with interests ranging from refuse carts to employment bureaux, is completely restructuring its vehicle-making operations.

They were responsible for tipping Hestair into a pre-tax loss of £107,000 in the half year to July last year. Parts of the vehicles business are profitable, however, and Mr David Hargreaves, chairman, insisted yesterday that the restructuring "is genuinely not a retreat, but represents major changes which can lead to expansion and profitability."

Some 450 jobs – 60 per cent of the total employed – are to disappear by the end of the year at the Hestair Dennis plant at Guildford, Surrey. All dustcart production at that site is being transferred to Warwick.

Fire engine body and fire equipment work is also to cease.

Some £500,000 is to be spent on refurbishing part of the site into which the chassis activities will be rationalised, leaving 14 acres to be sold as surplus to requirements.

About £3.5m is being spent on a new factory at Warwick where the workforce will rise by 190 to 400. Dustcart production at Warwick under the already-profitable Hestair Eagle division will be housed in the "most modern facility of its type in Europe," Mr Hargreaves said.

Employers and unions blamed for racism

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

EMPLOYERS and unions are blamed by an official report published yesterday for the persistence of "racist" discrimination against many of the 2.5m people of other racial origins holding British citizenship.

The often intense hostile attitudes, which also operate through landlords and housing associations, impinge on white as well as non-white minority groups, says the report on a six-year study of the education of minority groups' children in England.

Despite the opposition of six of its 20 members, the committee which made the inquiry rules out separate schools for such children. It says that many pupils from indigenous families, as well as minorities, perform unnecessarily badly at school. The Government should lead in concentrating teachers' and the general public's attention on the need to improve the educational achievements of all children.

During the inquiry, which cost almost £700,000, the committee lost 11 of its original members through resignations, including Mr Arthur Rampton, its first chairman, in 1981 after allegations of undue pressure on the committee from "Black Power" interests. The study continued under Lord Swann, former chairman of the BBC.

While condemning the persistent discrimination, the 807-page report says that racism is neither the sole nor the direct cause of the difficulties of racial-minority children in the education service.

Of the groups covered – including Asians, Moslems, Hindus, Chinese, Cypriots, Italians, Ukrainians, Vietnamese and Gypsies – the West Indians generally do worst in English schools.

Only 6 per cent of them gained five or more pass grades in the 16-plus examination in 1981-82, compared with 19 per cent of other pupils in the same localities. Only 5 per cent got at least one pass at advanced level, compared with 13 per cent, and only 1 per cent went on to university, compared with 4 per cent.

Education for all. HMSO; £24.

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INTERNATIONAL INDUSTRY

Hard times are whittling down the world's lift manufacturers

BY RICHARD TOMKINS

THE WORLD'S lift industry, already a small and exclusive club, is getting even smaller.

Earlier this month two UK subsidiaries of Otis Elevator, Wm. Wadsworth and Sons and Becker Lifts, merged to form Wadsworth Becker Lifts. Less than a fortnight earlier Kone, the Finnish lift maker, acquired the Sabiem lift-making subsidiary of Bastogi, the Italian industrial holding and property group.

The world market for lifts is dominated by five manufacturers: Otis, which is a subsidiary of United Technologies of the U.S., Schindler of Switzerland, Kone, and Mitsubishi and Hitachi of Japan. The first three in particular have voracious appetites for smaller companies and many of the recent takeovers in the industry have resulted from their expansion.

In the past few years Otis has acquired Wadsworth, Becker and Evans Lifts of the UK and Falconi of Italy. Schindler has taken over Haughton Elevator of the U.S., Armor Elevator of Canada, and Keighley Lifts of the UK. Kone has acquired Armor Elevator of the U.S., Marryat Scott of the UK, and Sabiem of Italy.

These takeovers, and many other smaller ones, have taken place against a background of overcapacity throughout the world industry. It is particularly serious in Europe, where some estimates put it at 60 per cent.

Overcapacity is a by-product of steadily increasing demand for lifts during the 1960s and early 1970s, when economic growth coincided with the fashion for high-rise apartments and skyscraper office blocks.

In Europe the building bubble burst in 1974, putting the rest of the world's markets under severe competitive pressure. At the same time, many other countries were also facing the prospect of a downturn either through the effects of the oil crises or the onset of recession.

In an industry burdened with overcapacity and a largely stagnant market, the acquisition of other manufacturers now represents one of the few possibilities for significant business growth still available. When Kone took over Armor Elevator in 1982, for example, the acquisition accounted for half the group's 39 per cent increase in turnover to FM 1.79bn ($256m) that year.

Taking over smaller rivals has enabled the large manufacturers to penetrate new markets both geographically and in terms of product ranges.

The three most acquisitive manufacturers have plants or subsidiary companies in at least 30 countries and for Schindler and Kone at least, foreign earnings are now much greater than domestic ones. In 1983 some 82 per cent of Schindler's total group sales and 83 per cent of Kone's came from overseas.

Kone's purchase of the Bologna-based Sabiem, which Bastogi sold for a sum believed to be about L45bn ($22m) as part of its overall debt reduction plan, will give the Finnish group better access to the Italian market, where it has not had its own production facilities up to now.

In terms of product ranges, acquisitions give the larger companies access to sectors where they may lack expertise. When Otis took over Becker Lifts in 1981, it acquired a specialist with a large corner in the market for small, hydraulic lifts of the type used in hospitals, offices and flats. When it took over Wm. Wadsworth and Sons the following year, it gained Wadsworth's

World market for lifts dominated by five manufacturers

expertise in heavy duty industrial lifts of the type used in warehouses and factories.

These two subsidiaries, which retained their separate identities under Otis, are now being merged partly to cut their overheads and partly so that between them they will be able to offer a more comprehensive range of products.

The fierce competition in the lift-making industry has meant that manufacturers have had to prune costs severely to survive. One way in which they have been able to do this is by buying in components instead of making them themselves.

This policy has given rise to one of the most significant recent developments: Specialist manufacturers of components for lifts have proliferated while lift manufacturers' own factories have tended to become more like assembly plants.

The growth in the number of component makers has made it easier for the small lift contractor to gain access to the industry. This is not generally regarded by the big manufacturers as a significant threat to their market share because the new entrants to the industry tend to operate on a small scale in a limited area. This development has, nevertheless, caused the big groups to put increasing emphasis on being all-purpose manufacturers with the capability of offering every kind of installation, from a dumb waiter in a restaurant to a high performance lift in a tower block.

The strength of comeptition in the lift industry is also reflected in the advances in lift technology which have been made in recent years, as makers have tried to secure a competitive edge by coming up with a better product.

One example of this is the introduction of microprocessor controls. These are a strong selling point, for they bring two significant advantages for customers: they have greatly reduced the often valuable floor space taken up by the lift control gear, and they have enabled lifts to be programmed for maximum economy of operation—a vital factor in energy saving.

This development has had a severe impact on some of the smaller makers. According to Mr Donald Brooks, managing director of Schindler Lifts (UK), it was the fall-off in the market combined with the inability of smaller makers to compete in higher technology, which led many of them to succumb to take-overs.

"When the technological changes came along on top of the drop-off in the market in 1974, people hung on for a couple of years but in the end they just couldn't keep up. They could see the market wasn't going to get any better and decided it wasn't worth trying to compete with the majors any more."

More visible evidence of the changing trend in lift manufacture is the way in which lifts are being designed for their dramatic impact as much as for their utilitarian qualities. The once humble lift is increasingly to be found crawling up and down the outside wall of a building in full view of passers-by instead of being concealed as far as possible at its core.

On future prospects, China appears to present world lift-makers with their brightest hope. Otis and Schindler have already set up joint manufacturing ventures there and others are sure to follow. Elsewhere, the U.S. has been the world's strongest market for the past four years but it is intensely competitive and now shows signs of saturation. Europe is flat, and Central and South America are weak. In the Far East, Hong Kong has been through a bad patch

Easier for small lift makers to gain access to industry

because of political uncertainty, while Singapore and Malaysia have until very recently remained strong.

One uncertainty on the horizon is to what extent Japanese manufacturers will intensify their efforts in world market. They have grown quickly on the back of demand in their home market and are now challenging the industry's giants in other world markets, particularly the Far East. Fujitech has been making significant inroads into the U.S. while Mitsubishi has toe-holds in France and the Netherlands.

The takeovers which have occurred in the lift industry so far have resulted more often in the concentration of ownership of the manufacturers than any reduction in their number. In the face of increasing competition and largely stagnant markets, overcapacity is therefore likely to remain a serious problem. Many in the industry expect more radical rationalisation to occur before it is solved.

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FB2

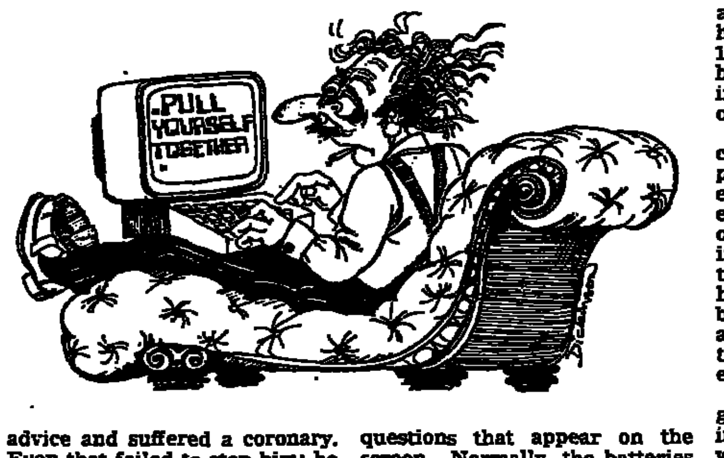
MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Stress

The 'pressure-cooker' syndrome

Ian Hamilton Fazey on the paradox of computers being used to solve problems they cause



STRESS, which already accounts for 23m lost working days in Britain each year, is being aggravated by the quickening pace of information technology. This is changing the culture of companies as new computerised control systems allow managerial performance to be monitored faster than ever before.

According to Dr Chris Ridgeway, "some people are not able to cope with that. It's like being in a glass pressure cooker. It used to take weeks or even months to produce accounts and an analysis of performance. Managers knew they had time to react, adjust or prepare excuses. But with modern information technology there are no hiding places."

Ridgeway, an occupational psychologist, wants new techniques used to screen out those most at risk of breaking down. He says that the strain of management has increased anyway during the recession as organisations have slimmed down, loading managers with even more to do.

And some are cracking. He cites the way stress can cut managers down, like the man who suddenly found it impossible to speak at meetings. Work became impossible.

Then there was the director who worried about being underqualified as technology burgeoned around him. He suffered bouts of tachycardia, when his heart would start racing for no *apparent reason. One day it* happened on the way to work and he found himself incapable of driving on. He went home and was off for months.

Dr Joe Briggs, an occupational physician, says that the giveaway sign of impending trouble is regular early morning waking, the mind seething with activity as problems are tossed about without a conscious attempt at thinking. At such a stage the least that a person should do is to take a holiday.

But, Briggs says, "he probably won't. Vacations are critical to managers but those under the most stress often stop understanding this. They actually lose the ability to make a decision to go on holiday at all."

The worst example of such "macho management" was a managing director who was warned to slow down or risk a heart attack. He ignored the advice and suffered a coronary. Even that failed to stop him: he died in his oxygen tent dictating memos into a tape recorder.

Both Briggs and Ridgeway specialise in health problems caused by work. Ridgeway says that the problems of managerial stress are now so acute that they are merging their respective approaches so that managers most at risk can be screened out and helped so as to prevent breakdown.

Ridgeway says: "It is a response to market demand. Joe and his colleagues have been doing physical health screenings but, increasingly, the people and companies consulting them have been asking for advice on psychological well-being too."

Ridgeway and his fellow directors of Psychological Consultancy Services (PCS), have therefore set up a new company, Executive Health Screening, to work with two physicians and offer a wider service. Clients already include some of Britain's largest and most successful corporations.

The fulcrum of the new company's procedures is a remarkable piece of software developed by PCS and run on an ACT Apricot personal computer. It uses and combines well-proven clinical psychological tests to measure such things as anxiety, discomfort, social conformity, and alienation.

It also assesses personality, and such factors as social maturity, creativity, adaptability, leadership qualities, neuroticism, intelligence, and proneness — through personality type — to coronary heart disease.

The person being tested sits at the computer and answers true or false to a series of 600 questions that appear on the screen. Normally, the batteries of tests involved might take hours to fill in and mark, but the software enables the test to be completed — and automatically marked by the computer — between an hour and 75 minutes.

The result is a printout of scores and scales which goes to Ridgeway or his occupational psychologist colleagues, Richard Ford or John Evans for interpretation.

The interpretations can be dramatic. For example: "Mr X is an ascendant and self-sustaining *person with leadership* potential. He is outgoing, ebullient and self-assured. Others will find him thorough and dependable. At times he tends to be somewhat rebellious. He is most likely to be successful in an environment which demands autonomy rather than conformity."

Mr X was, in fact, highly successful as managing director of a medium-sized company. It was losing money and he was given a great deal of freedom to fight tough opposition and turn the situation round.

Promotion followed as head of a large company in the same group with severe labour relations problems over new technology. Markets were tight, he was heavily constrained by a holding company board, and he always felt sandwiched between the unions and his superiors. In the managerial equivalent of trench warfare, he had to cope with stultifying rules and procedures and his health broke down.

Mr X is in good health now, running his own successful small business, for which — the PCS test reveals — he is probably perfectly suited. But had he been able to take the test 10 years ago, he might never have accepted the stress-inducing promotion — if it had been offered in the first place.

Much of Ridgeway's work is concerned with helping companies and individuals make exactly that sort of decision, either about the appointment of outsiders or promotion of existing employees. For example, the man who fits in well into a head office bureaucracy might be hopeless if put in charge of an overseas office where he had to function in an autonomous, entrepreneurial way.

As Ridgeway points out, a great deal of money is wasted in unravelling such mistakes, as well as misery caused to the over-stressed individual, who may not even survive if something medically serious is precipitated. "How can we predict if this candidate will suffer stress in this job?" is a question he is now asked frequently by large companies.

Traditionally, managers have relied on experience and interviewing skills to make the right judgments, many of which have turned out to be wrong. Ridgeway questions whether this can be enough in an age of ever-quickening pace in managerial life.

But apart from the issues of selection and promotion, he says that managers already in place should have the chance of regular screening for potential stressors in their lives—*just as they are screened, in* regular medicals, for things like high blood pressure, diabetes, heart disease or cancer.

The new company offers a *wide range of the relevant* psychological and medical procedures, including his computer-based test, which shows up likely danger points, and enables stress - reduction measures to be taken or stress-inducing actions to be avoided. This opens up the chance of heading off problems long before breakdown is even a possibility.

Because it can be run on an ordinary microcomputer its use is also being licensed to company medics, who then send the printouts in for analysis.

He says: "If people get used to it, perhaps we'll be able to avoid managers worrying that they are being shrinked. Regular screening for stress should be a normal thing to do."

Management abstracts

Anlysing financial statements by microcomputer. M Barron in *Accounting and Business Research* (UK), Autumn 84 (9 pages)

Examines difficulties that can arise when attempting to build a database of external financial statements and its subsequent analysis; because of storage size limitations only 'foreground' data can be computerised if large numbers of accounts are to be considered, while 'background' data will continue to be conventionally filed; comparability of computerised data will become very important, but the format of accounts will not.

Ministering to the corporation. D. Freudberg in *Across the Board* (US), Nov 84 (5 pages)

Quotes an estimate that more than twenty major corporations (for example: Cummins Engines and the Allied Corporation) currently employ full-time ethical advisers or hire consultants on business ethics; examines how the advisers go about their work and reveals some of the issues that trouble the conscience of the companies more than somewhat.

Agency - client perceptions of creativity. P. C. Michell in Journal of Advertising Research (US), Oct/Nov 84 (15½ pages)

From a search of the relevant literature and questionnaire results, argues that clients and agencies disagree about creativity; clients view creativity as a structured process, which is programmed and regularised, and based on a firm agency philosophy; agencies, on the other hand, put their faith more in personalities and spontaneity—the intuitive approach. Sees agency account planners as providing an essential bridge between client and agency.

May secretaries tell? G. Weilenmann in Assistenz (Fed. Rep. of Germany), Nov/Dec 84 (2 pages, in German, English version available)

Discusses the extent to which a personal secretary is duty-bound to keep information secret. Suggests that a hard-and-fast rule does nothing but harm, and that there are really four classes of information: secret, confidential, ordinary, and "to-be-disseminated." The difficulty is knowing which is which.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Encouraging breakaways

Peter Marsh reports on a study of academic enterprise

HOW DO you increase the zeal of academics and scientific researchers to leave a secure job and set up their own technology-based companies?

The question has relevance to a *host of planners* and politicians in Western Europe who are trying to stimulate the formation of such enterprises as one way to promote economic growth and create a modest amount of jobs.

In theory, the technology-based universities and research centres of Western Europe should be full of men and women working on scientific ideas that could form the basis for new companies.

Three studies of technology-transfer mechanisms, in Sweden, the Netherlands and West Germany, give an insight into how to encourage the formation *of such new* enterprises—and into the personal factors that cause the researchers to give up their previous jobs and start afresh.

Innovation

The studies looked at the new technology-based companies created by people formerly working at Chalmers University in Sweden, at the Technical University of Twente, the Netherlands, and in a total of 15 research organisations supported by the West German Government.

Although the evidence cannot be *anything other* than circumstantial, it appears that modest efforts at helping people to create new technology-based businesses from a research environment do have an effect.

Chalmers University in Gothenburg started formal efforts to encourage new enterprises in 1973. Mechanisms chosen included courses on innovation, advice on how to set up businesses and a special building for new companies in which academics can rent floor space in which to house a commercial activity.

The university also publishes a newsletter that helps the new enterprises to market their products.

Since the mid-1960s, research at the university has led to 98 "spin-off" companies — these are businesses that sell a product or service that originated at the university and which a university staff member or student started.

The number of new companies formed each year has grown over the past decade—in 1984 it totalled 11. More than a third of the fledgling enterprises (which together employ about 800 people) are in electrical engineering. Others sell products or services in the disciplines of mechanical, chemical and civil engineering or physics.

Chalmers University is now considering whether to start a science park that would provide accommodation for existing companies. The park would bring industrial heavyweights such as Asea, the Swedish electrical company, *closer* to the university.

The Technical University of Twente established five years ago a technology-transfer department (similiar to many that British universities have set up) that acts as a bridge between researchers at the university and people in industry.

Industrialists can contact the department to find out whether academics are conducting research relevant to their particular area of interest

The university also tries to promote new businesses by putting would-be academic entrepreneurs in touch with banks and sources of management expertise that can help them with the formation of companies.

Dick van Barneveld, a manager at Twente's technology-transfer unit (called Transferpoint), found in a study carried out last year that former Twente staff or students started 52 businesses in technical areas between 1981 and 1984. That contrasted with 43 such companies set up during the 1970s, prior to Transferpoint's formation.

Only 13 of the total of 85 businesses started since 1969 have ceased trading—a figure that van Barneveld says compares well with the 50 per cent of all new Dutch enterprises that fail within their first five years.

The 82 businesses still active at the end of 1984 employed about 300 people. The owners of the companies expected, overall, to double the number of their employees in the coming three years.

The companies formed by the Twente graduates and staff are weighted heavily away from manufacturing enterprises. Almost two-thirds were involved either with management or technical consultancy or production of computer software. Thirty per cent of the businesses made computer hardware or other engineering products.

Van Barneveld tested in his study the enthusiasm with which Twente students reacted to the idea of forming their own businesses. In 1980, 39 per cent of those asked said they wished to begin a company—by 1984, the figure had risen to 51 per cent. Over the same time, the proportion of academic staff thinking seriously about such ventures rose from 6 per cent to 15 per cent.

Although external factors (such as the general promotion of innovative activities in the Twente district) undoubtedly played a part, Van Barneveld says that the activities of Transferpoint helped to bring about this improvement in the entrepreneurial climate.

In the third study, Dirk-Michael Harmsen and Peter Berndts at the Fraunhofer Institute at Karlsruhe examined 150 companies (employing a total of 900 people) set up since the late 1960s from 15 *Government-funded* research institutes in West Germany.

The institutes include the DFVLR, West Germany's aerospace research organisation in Cologne; DESY, a big laboratory for nuclear physics in Hamburg; and two research organisations of the Max Planck Society in Munich and Garching.

Currently 10-15 new companies are formed from these organisations each year. The number, according to Harmsen, is surprisingly low. He would expect the 30,000 staff employed by the research institutes to produce 100-150 people each year who want to begin their own companies.

One way to increase the entrepreneurial activity could be to make the research institutions more flexible, according to Harmsen. For instance, staff could be permitted to carry on with part-time jobs in the institution while in the process of setting up a fledgling enterprise.

Independence

The most revealing results from the study are on the factors that prompted West German researchers to set up their new companies. Three quarters of the people who left a research institute to found a new business said they did so to gain independence.

Just over half said they wanted to start a company to exploit a market niche for a new product; a third gave as their reason poor promotion prospects at their former work place; just under 30 per cent were interested scientifically in a discipline in work; prospects were limited at the research institute; while only 28 per cent said they left their research jobs to earn more money.

TECHNOLOGY

EDITED BY ALAN CANE

OFFSHORE

Sensors for oil platforms

OIL PLATFORMS are the next target for the use of optical fibre sensors. Conoco in collaboration with Cambridge Consultants have been looking at the possible use of optic fibres for off-shore applications.

There are many benefits in applying this technology such as inherent safety, immunity from electromagnetic interference and small size and weight. Optic fibres, unlike conventional cables are not likely to create a spark through shorting of an electrical signal as only light is carried over the fibre.

Cambridge Consultants has carried out an 18 month study which looks at instrumentation to sense parameters such as pressure, temperature, acceleration, heat, flame, gas and smoke detection.

As a result of the study, Conoco is likely to have production prototype sensors installed and tested upon an *oil platform.*

SOFTWARE TO SIMULATE MANUFACTURING HELPS IRON SOLVE EARLY PROBLEMS

Factory floor mimics save time

BY GEOFFREY CHARLISH

WHEN COMPANIES the size *of ICI and GE(U.S.) decide it* is worthwhile marketing software they have developed in-house to simulate their own manufacturing process, it must surely be a sign that the technique is *ripe* for exploitation.

These companies, large and highly active in plant and factory automation, are likely to spend millions on a single project and have long realised the importance of getting it right first time.

But because they, and hundreds like them, are treading pastures new in areas ranging from flexible manufacturing systems to highly intelligent process control, first-time error-free plant and factory design is becoming less and less likely without assistance from a computer.

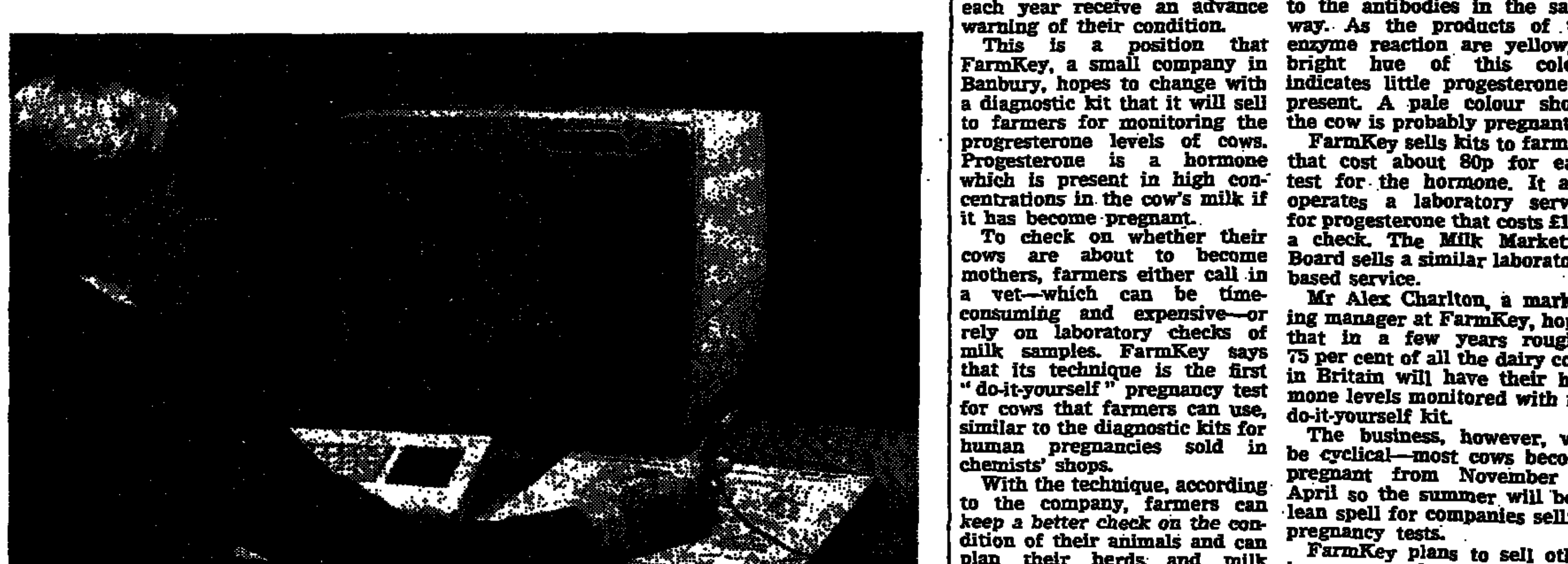
Computer simulation can be seen as the manufacturing engineer's equivalent of CAD, or computer-aided design. In CAD, mechanical or electronic components are designed on-screen and amalgamated to produce products. In manufacuring simulation, the plant can be laid out, its sequence and timing data added and, in the latest systems, the result animated in plan view on the screen.

Such facilities are becoming *essential at GE, which has 377* manufacturing plants and spent $2.5bn on automating many of them during 1984.

How the company tackled the problem came out at the recent Simulation in Manufacturing conference put on by IFS at *Stratford-upon-Avon.* Dr Nigel Greenwood, of GE Industrial Automation, Europe, said the research team was determined to develop a system that required absolutely no programming knowledge on the part of the user, which a production executive could use unassisted and which made full use of colour graphics.

Computer simulation can be seen as the manufacturing engineer's equivalent of computer aided design.

Software modules were developed to cover four kinds of *production: the serial line,* where production items merely move from one end to the other; the assembly loop, where items may go round a loop of workstations more than once for parts to be added; the jobbing shop, where items may be interchanged between any of the workstations, and materials handling problems involving guided vehicles.



Computer aided design is a well established industrial technique. New companies are turning to manufacturing simulation to iron out pre-production problems on a computer screen rather than face them on the factory floor

The user starts with a "graph paper" matrix of dots on the screen and can build a plan *view of the production area* with machines, loading points, conveyers and other items. Using a "mouse" he can join points to form the necessary rectangles and other shapes and can alter them using a "rubber banding" facility that allows him to stretch lines round other points.

After answering questions posed on screen by the software about motions, cycle times, sequences and similar matters, the system will produce data such as product flow through the system and buffer store sizes down the line. Then, the whole set-up can be animated on the *screen and many days of activity* can be telescoped into a few minutes. Soon, poor machine utilisation, bottlenecks and other problems become obvious.

Dr Greenwood claims that such models can be constructed and run in an hour or two instead of a week with older non-graphics systems.

The GE software runs on a DEC VAX minicomputer, but a significant portion has been implemented on an IBM PC. It will be available in Europe soon *through SDRC, a GE affiliate in* Hitchin, Herts.

At ICI, there is an increasing trend towards batch production of high value chemicals rather than the traditional high volume continuous processes. Often, batch plant and processes have to be modified as a range of products is adapted to satisfy market needs. The company needed a means of planning this quickly and *efficiently, at manager* rather than programer level.

So software packages have been developed that will tackle batch plant modification (Vusim), plant design (*Prophet*), and also the integration of production, marketing and distribution in the batch production environment (Barnet). They all provide "what if?" exploratory capability. The packages run on DEC and IBM mainframe, mini and micro computers. A low cost 48 line character-mode colour terminal is used.

Mr Mark Rogers, head of decision support systems development at ICI Runcorn is spearheading the marketing thrust for the new software.

Most of the newer systems use animated, interactive colour graphics

Most of the newer systems discussed at Stratford use animated, interactive colour graphics. *Possibly a system called* See Why, developed by Istel (the information technology subsidiary of British Leyland) made the most impact last year with its simulation of "O'Tesbury's supermarket," complete with queues of customers at the check-outs.

DAIRY FARMING

Monitoring cows

ONLY A small proportion of the 3m or so dairy cows which become pregnant in Britain each year receive an advance warning of their condition.

This is a position that FarmKey, a small company in Banbury, hopes to change with a diagnostic kit that it will sell to farmers for monitoring the progresterone levels of cows. Progesterone is a hormone which is present in high concentrations in the cow's milk if it has become pregnant.

To check on whether their cows are about to become mothers, farmers either call in a vet—which can be time-consuming and expensive—or rely on laboratory checks of milk samples. FarmKey says that its technique is the first "do-it-yourself" pregnancy test for cows that farmers can use, similar to the diagnostic kits for human pregnancies sold in chemists' shops.

With the technique, according to the company, farmers can *keep a better check on the* condition of their animals and can plan their herds and milk yields more effectively.

In the test, called Ovucheck and devised by Cambridge Life Sciences, a biotechnology company in Cambridge, the farmer puts the milk sample in a plastic well containing antibodies to progesterone. He adds a chemical reagent that contains molecules of the hormone linked to an enzyme.

Any progesterone in the sample bonds to the antibodies and thus reduces the quantity of the reagent that can link up to the antibodies in the same way. As the products of the enzyme reaction are yellow, a bright hue of this colour indicates little progesterone is present. A pale colour shows the cow is probably pregnant.

FarmKey sells kits to farmers that cost about 80p for each test for the hormone. It also operates a laboratory service for progesterone that costs £1.40 a check. The Milk Marketing Board sells a similar laboratory-based service.

Mr Alex Charlton, a marketing manager at FarmKey, hopes that in a few years roughly 75 per cent of all the dairy cows in Britain will have their hormone levels monitored with the do-it-yourself kit.

The business, however, will be cyclical—most cows become pregnant from November to April so the summer will be a lean spell for companies selling pregnancy tests.

FarmKey plans to sell other immunoassay-based diagnostic tests that use similar principles to Ovucheck. These products will test for Aujeszky's disease, an ailment that affects pigs protein deficiencies in new-born calves; and impurities in cows' milk which can reduce the price that the farmer obtains for the product.

PETER MARSH

MATERIALS

Synthetic paper

SYNTHETIC paper is finding wider applications in the computer and information technology because it does not create dust. Growth in production by the two major Japanese producers Nisshin Spinning and a joint venture company between Oji Paper and Mitsubishi Petrochemical is increasing by 30 per cent a year. Total production today stands at nearly 10,000 tonnes a year.

The paper also has another advantage — it is resistant to water — which makes it applicable to maps and for books that the enthusiast can read in the bath.

Synthetic paper was first produced by petrochemical and textile companies in the late 1960s during a shortage of woodpulp. Companies later dropped out of manufacture when oil prices soared leaving only the two Japanese companies still producing the material.

DISARMING TERRORIST DEVICES REMOTELY

Bomb disposal robots

THE British Army plans to buy from UK industry more than 100 new Wheelbarrow bomb-*disposal* mechanisms, worth £1m-£2m, for use mainly in Northern Ireland.

Wheelbarrow, which first saw service in the province in the early 1970s, is a remote-controlled machine on tracks with which a bomb-disposal officer can disarm a terrorist device with a minimum of danger to himself.

The order, due to be awarded later this year, is likely to be *fought* for keenly by several British companies that make Wheelbarrow-type mechanisms.

Due to the growth of terrorist activities, there is a large export market for such devices. But so far the market has been dominated by Morfax, a company in London that has sold about 500 Wheelbarrows to 40 countries and which has previously been the sole supplier of Wheelbarrows to the British Army.

Last year, the Ministry of Defence changed direction by asking Kenure Developments of Camberley to make 35 preproduction units of the new Wheelbarrow, called the Mark 8. The devices are due to be tested operationally in Northern Ireland over the next few months.

Besides Kenure (which is a subsidiary of AB Electronic) and Morfax, several other British companies that make Wheelbarrow-type mechanisms are likely to bid for the order to make the production versions of the Mark 8.

They include Vale Security of Wantage, Analytical Instruments of Cambridge and Monitor Engineers of Gateshead.

The *Royal Army Ordnance* Corps, which is responsible for dealing with terrorist devices in Northern Ireland, designed a more sophisticated version of the hardware to make it easier to disarm *new types of bombs.*

The Mark 8 is easier to handle than previous versions. When confronted by a device such as a car bomb, an ordnance officer would steer a Wheelbarrow (which is battery powered) to *the site* of the explosive.

This is done via either radio control or by commands sent along a wire of up to 100 metres. By remote control, the officer can activate a disabling device. For instance, he can fire a shot gun on the Wheelbarrow which blasts away the detonator in the bomb.

هكذا من الأصل

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
15	16	17	18	19	20	21

Music

TOKYO

Philharmonia Orchestra of London conducted by Neville Marriner. Respighi, Mendelssohn, Dvorak. Showa Women's College, Hitomi Memorial Hall. (Mon) (403 8011)

Kazuko Niimura Piano Recital: Beethoven, Prokofiev, Liszt. Tokyo Bunka Kaikan. Small Hall (Tues). (571 1689).

NEW YORK

New York Philharmonic (Avery Fisher): Erich Leinsdorf conducting; Kathleen Battle soprano; Werner Klemperer narrator: Bach, Berg, Beethoven (Tue). Rafael Kubelik conducting; Benita Valente soprano; Claudia Catania mezzo-soprano; Philip Creech tenor; Wolfgang Schoene baritone; Charles Rex violin; Kenneth Gordon violin; Westminster Choir directed by Joseph Flummerfelt. All-Bach progamme (Thur). Lincoln Center (874 2424).

WASHINGTON

Terrace (Kennedy Center): Abel Carlevaro guitar recital: Villa-Lobos, Carlevaro, Torrova, Canlevaro, Albeniz (Tue). (254 9895)

Concert Hall (Kennedy Center): Choral Arts Society: Norman Scribner music director: All-Bach programme (Wed). (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Carlos Kleiber conducting: All-Brahms programme (Thur). (435 8122).

VIENNA

Tonkunstler Chamber Orchestra, conductor and soloist Bijan Khadem-Missagh and Rudolf Scholz, organ. Handel, Joseph Haydn. Musikverein Brahms Saal (Mon).

Michael Haydn Chamber Orchestra conducted by Christian Simonis with Thomas Riebl, viola, Thomas-Daniel Schlee, organ, Neva Rae Powers, soprano, Petra Weber-Schuwerack, alto, Peter Jelosits, tenor, and Frank Kubik, bass. Joseph and Michael Haydn, Boog, Preindl, at St. Michael church. (Tue).

LONDON

Royal Philharmonic Orchestra conducted by James Conlon with François-René Duchable, piano. Mendelssohn, Tchaikovsky and Dvorak. Royal Festival Hall (Tue). (928 3191).

Daniel Blumenthal, piano. Beethoven, Weber, Liszt and others. Queen Elizabeth Hall (Tue) (928 3191).

Royal Philharmonic Orchestra and Pro Musica Chorus of London conducted by Norbert Balatsch with Sheila Armstrong, soprano, James Bowman, counter-tenor, Stephen Roberts, baritone, and Sir Trevor Holdsworth, piano. Grieg and Orff. Royal Festival Hall (Wed)

Imogen Cooper, piano. Schubert. Wigmore Hall (Wed). (935 2141).

Igor Oistrakh, Violin and Natalia Zertsalova, piano. Bach, Beethoven and Paganini. Queen Elizabeth Hall (Wed).

London Philharmonic Orchestra conducted by James Conlon with Boris Christoff, bass. Glinka, Mussorgsky, Prokofiev, Rachmaninov. Royal Festival Hall (Thur).

Bach 300 Festival: London Bach Society and Steinitz Bach Players conducted by Paul Steinitz with soloists. Bach programme to mark the 300th anniversary of the composer's birth. Queen Elizabeth Hall (Thur).

PARIS

Paul Tortelier, cello recital: Bach Suites (Mon). Salle Gaveau (563 2030)

I musici: Manfredini, J. C. Bach, Locatelli, Martin (Mon). TMP-Châtelet (233 4444).

Ensemble Orchestral de Paris conducted by Gianfranco Rivoli, Ruggiero Ricci, violin, Alexandra Papadjiakou, mezzo: Mendelssohn, Falla (Tue). Salle Pleyel (561 0630).

Orchestre National de France conducted by Jeffrey Tate with Radio France choir: Don Giovanni (Wed). Théâtre des Champs Elysées (723 4777).

Katia Ricciarelli and Tatiana Troyanos in Bellini's Capulets and Montagues at Covent Garden

Opera and Ballet

ITALY

Verona: Teatro Filarmonico: *Gluck's Orfeo Ed Euridice:* a production by Giancarlo Cobelli, with scenery by Maurizio Balò. Gail Gilmore sings Orfeo, Daniela Dessi, Euridice and Antonella Bandelli is Amore. The conductor is Massimo de Bernant (22 880).

Milan: Teatro Alle Scala: A new production by John Cox of The Magic Flute with scenery and costumes by *David Hockney.* Wolfgang Sawallisch conducts a cast which includes Barbara Bonney, Syllvia Greenberg, Adelina Scarabelli and Hakan Hagegard. (809126).

Turin: *Teatro Regio: An Italian* version, by Fedele d'Amico, of Mussorgsky's La Chovanscina, directed by Pier Luigi Pizzi and conducted by Bruno Bartoletti. In the cast are Stefan Elenkov, Maurizio Frusoni, Perry Price and Antonio Salvadori. (548000).

WEST GERMANY

Berlin, Deutsche Oper: The Magic Flute features Carla del Re and Harald Stamm. This week's highlight is Otello with Pilar Lorengar, James McCracken and Guillerma Sarabia as leads. Also Don Giovanni, sung in Italian, with Edda Moser and Bengt Rundgren. (34381).

Hamburg, Staatsoper: Alexander Zemlinsky's rarely played Der Kreidekreis was highly acclaimed when it premiered. Cosi Fan Tutte has fine interpretations by Judith Beckmann and Rudiger Wohlers. Nono's Intolleranza brings together Beatrice Niehoff and William Cochran. Der Rosenkavalier has the famous Octavian, Brigitte Fassbänder beside Anna Tomowa-Sintow and Kurt Moll. Arabella is worth a visit with Anna Tomowa Sintow and Franz Grundheber. (35 11 51).

Frankfurt, Opera: Der Wildschütz has Karl Fäth in the part of Baculus. Jill Gomez is repating her much praised performance as Donna Anna in Don Giovanni. Aida is sung in Italian. Der Zigeunerbaron rounds off the week. (25 621).

PARIS

Doctor Faustus alternates with Soirée de Ballets, two premiers' by young choreographers, David Bintley and Nils Christe, and Balanchine's Crystal Palace at the *Paris Opera* (742 5750).

Rameau's Hippolyte et Aricie with William Christie conducting his baroque ensemble, produced by Pier Luigi Pizzi. Aricie is sung by Daniele Borst/Donna Brown; Diana by Veronique Dietschy/Marie Christine Porta. Salle Favart-Opera Comique (296 0611).

VIENNA

Staatsoper: Queen of Spades conducted by Kitaenko with Ludwig; Faust conducted by Lombard with Raimondi; Raymonda by Glazunov, Nureyev and Petipa conducted by Schirmer with Stadler, Nureyev and Karl. (5324/2655).

LONDON

Royal Opera, Covent Garden: Further performances of Bellini's Capulets and Montagues, in which Tatiana Troyanos and Katia Ricciarelli sing and play Romeo and Juliet with real passion, delicacy and vocal beauty. (240 1066).

English National Opera, Coliseum: Fidelio, in a dour, didactic staging by Joachim Herz, has Josephine Barstow in the title role and Mark Elder as conductor. Further performances of Count Ory, Rossini's most finely made comedy, which, musically at least, has come up fresh – John Brecknock, Isobel Buchanan, and Jane Edward lead the cast. (836 3161).

NEW YORK

Metropolitan Opera (Opera House): Franco Zeffirelli's production of Tosca continues, conducted by Giuseppe Sinopoli with Hildegard Behrens and Placido Domingo. Thomas Fulton conducts last season's new Ernani, starring Montserrat Caballe, Ermanno Mauro, Pablo Elvira and Paul Plishka. Die Meistersänger, conducted by James Levine, features Mari Anne Haeggander, Edward Sooter and David Rendall. James Levine also conducts the premiere season of Nathaniel Merrill's production of Porgy and Bess, designed by Robert O'Hearn, with sopranos Grace Bumbry and Myra Merritt, bass Simon Estes and baritones Charles Williams, Gregg Baker and Bruce Hubbard. Lincoln Center (362 6000).

Joffrey Ballet (New York State Theatre): The four-week season continues with two Ashton evenings and two Arpino evenings among the mixed programmes. Ends March 31.

Theatre

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): *Andrew Lloyd Webber's* rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and *Hart's 1936 musical is a genuine* tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Mother Courage (Barbican): Fine RSC presentation by *the design team of* Cats – John Napier and David Hersey – with Judi Dench as a scavenging, music hall and finally moving Courage pushing her elaborate cart of stage machinery through the Heavyside Layer. Howard Davies directs, good support from Trevor Peacock, Stephen Moore and Zoe Wanamaker. (628 8795).

Two Into One (Shaftesbury): Donald Sinden and *Michael Williams head* the cast of a blissfully funny farce by Ray Cooney in the old Whitehall tradition. An irate manager, Lionel Jeffries, declares: "There's far too much sex going on in this hotel, and I'm not having any of it." Not to be missed. (379 5399).

Waste (The Pit): Riveting RSC revival directed by John Barton of Granville Barker's 1907 once-banned play about a politician destroyed by an adulterous liaison leading to an abortion, a death and a suicide. Daniel Massey, Judi Dench, Charles Kay, Tony Church and Mark Dignam *in a stellar cast.* (628 8795).

Coriolanus (Olivier): Peter Hall's best production to date at the National, Ian McKellen a splendidly historic thing of war, thrilling use of the Olivier's arena architecture, Irene Worth never better as Volumnia. In all, a thoroughly lucid exposition of a great and complex play with an NT company that for once resembles an ensemble. (928 2252).

WEST GERMANY

The Mousetrap by Agatha Christie, directed by Brian Sheehy, with a cast *including:* John Adam-Baker, Penelope Charteris, Fiona Evans, Alan Goodson, James Hagan, Vyvian Hall, Maxine McFarland and Brooks McKay. The English Speaking Theatre, Frankfurt, Hamburger Allee 45 (069-77 74 66). Closed Mondays.

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and *touching story of a drag queen from* backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the *quality of their music.* (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

CHICAGO

Riches to Ragtime (Pheasant Run): World premiere of John Reeger and Ed Flesch's view of scams and fast talkers by combining Scott Joplin tunes with O. Henry characters. Ends Mar 31 (261 7943).

On the Razzle (Absolute): Michael Leavitt directs the local debut of Tom Stoppard's interpretation of the Johann Nestroy farce. Ends Mar 31 (327 5252).

TOKYO

Barefoot in the Park: The Japanese version of Neil Simon's play directed by Yutaka Kobayashi. Long Run Theater, Shimokitazawa. (414 0961).

Love Call (The Japanese version of Bells are Ringing), a musical comedy set in New York starring Akiri Fuse and Ran Ootori, Japan's most professional musical star. Geijutsuza, Yurakucho (591 7633).

Chorus Line: The Japanese version by the Shiki company, best-known for *Cats, Japan's longest-running* production (one year) and a sell-out. Nissei Gekijo, near Imperial Hotel. (320 4000).

Chita Rivera Show: Songs and dances from Broadway shows (in English) by this tremendously energetic veteran performer who first appeared in the original West Side Story and whose most recent performance was with Liza Minelli in The Rink. Hakuhinkan Theatre *Ginza.* (571 1003).

Guys and Dolls (Takarazuka All-Girls' Troupe): This Japanese version given the full treatment in what is probably the show's most lavish production to date. Cast of 70 in a spectacular version of which the 20 minute finale is a special feature of this troupe. A speciality of Japan, Takarazuka is the counterpart of *Kabuki where the girls play the* men's roles. Takarazuka Theatre (near Palace and Imperial hotels). (591 1711).

Exhibitions

PARIS

Hans Holbein the Younger (1497-1543): Thanks to the acquisitions by Louis XIV, the Louvre boasts one of the richest and rarest collections of the court painter of Henry *VIII. Five of his* masterpieces, portraits of Erasmus and Anne of Cleves among others, retrace his artistic development, accompanied by several drawings of equally prime importance. The exhibition is completed by paintings from the royal collections thought, mistakenly, to be by Holbein. Louvre, Pavillon de Flore, Porte Jaujard (260 3926). Closed Tue, Ends April 15.

ITALY

Venice: Museo Correr: Cezanne, Monet, Renoir, Van Gogh, Gauguin, Matisse and Picasso from the Hermitage in Leningrad and the *Pushkin* in Moscow. Ends April 14.

Naples: Museo di Capodimonte: 'Naples in the 17th Century': for lovers of Baroque. An exuberant exhibition of paintings, marbles, silver and furniture dating from a period when the city was the second in Europe after Paris. Ends April 14.

Herculaneum (Naples) Villa Campolieto: An exhibition *entitled* Terrae Motus – of modern paintings which are the beginnings of a new contemporary arts centre here: works by Warhol, Pistoletto, Beuys, Mapplethorpe, Twombly and *Haring.* Until April.

LONDON

The Tate Gallery: St Ives – nominally a survey of the *painting,* sculpture and ceramic art to have come out of farthest Cornwall between 1939 and 1964, but really extending its scope from the early 1920s up to almost the present day. *Ben Nicholson* and his wife Barbara Hepworth are the central figures, also the early naive painter Alfred Wallis. Of the later generation, Peter Lanyon, Roger Hilton, Terry Frost and Patrick Heron appears as major figures. Ends Apr 14.

Edouard Pignon: A retrospective of some 200 works to celebrate the artist's 80th anniversary shows how the violence of colour and cruelty of vision of his cockfights painting mellowed with years in his present series inspired by sunshine and beaches, "Les Dames du Soleil." *Grand Palais,* closed Tue, Wed *late* closing *night,* Ends Apr 15.

WEST GERMANY

Berlin, Schloss Charlottenburg, Spandauer Damm, Neuer Flugel: Berlin is putting on the biggest exhibition of Antoine Watteau to commemorate the 300th anniversary of his birth. The National Gallery of Arts, Washington, the State *Museum of* France and the administration of Berlin's castles are sponsoring the show. The French rococo painter often used poor quality colours, therefore many of his *paintings are in a* bad condition and have not been displayed before. The exhibition includes 73 drawings and 143 paintings. Ends May 25.

Frankfurt, *Frankfurter Kunstverein,* 44 Markt: Italian art between 1910 and 1980 offers about 80 paintings and sculptures by roughly 50 artists, among them Chirico Bocioni, Carra Morandi, Modigliani and *Manzu.* Ends April 8.

Nuremberg, Germanisches Nationalmuseum: *Masterpieces of the 20th Century,* from the private collection of the German *industrialist* Thyssen-Bornemisza. Manet, Ganguin, Bonnard, Moodrian, Picasso, Van Gogh, Schwitters, as well as Russian constructivists. Ends March 24.

NETHERLANDS

Amsterdam. Stedelijk Museum. La Grande Parade (named after the painting by Léger) is a feast of highlights in *international painting after* 1940. Forty artists are represented with 250 works loaned from all over the world. The show is designed as an encounter between the late creations of patriarchs like Matisse, Picasso and Braque and works by the outstanding representatives of subsequent generations (De Kooning, Bacon, Pollock, Giacometti, Rothko and many others). Theory, for once, takes second place, leaving the art to speak for itself. On the ground floor is an impressive gallery of photo portraits of the artists exhibited. Ends April 15.

VIENNA

Adolf Von Menzel: A rare chance to see drawings and watercolours by *the 19th century* Prussian master. This selection from the Berlin City Museum shows Menzel's work in all its eclectic vitality. Idealised historicism gives way to a vibrant naturalism as images of fallen soldiers, French prisoners of war or of an officer guzzling at a court ball, record aspects of the Empire of Frederick the Great. But it is the spare charcoal sketches of working men and peasant houses that have greater impact than the shadowy emperor and neat theatre parties. Albertina. Ends Apr 8.

NEW YORK

Treasures from the New York Public Library: 260 works chosen from one of the five best library collections in the world may cover America *better* than Europe, but the inclusion of a Gutenberg Bible, the Tickhill Psalter and French bindings supplements Americana, such as examples of Melville's work, announcements of the discovery of New York, and one of the earliest globes. Ends May 24. (42nd & 5th Av).

WASHINGTON

National Museum of American Art: 40 works by five 19th century black artists highlight a show of a little-known area of American art. It reminds the world of Joshua Johnson, the first recognised black American portrait painter; Henry Ossawa Tanner, a student of Thomas Eakins and *neo-classical sculptress* Edmonia Lewis. Ends April 7.

CHICAGO

Art Institute: 82 great architectural *drawings* cover the *last five* centuries in this show lent by the Royal Institute of British Architects. Ends Mar 31.

TOKYO

Alex Colville, Canadian realistic artist who limits his output to three major works a year exhibits 35 paintings. Tokyo Metropolitan Teien Museum. Ends Mar 21 (443 2021).

Yamato-e (traditional Japanese paintings of 18th century on, usually, landscapes). Suntory Museum, Akasakamitsuke (near New Otani Hotel). Ends Mar 31.

Tokyo in the 1930s (Photo Exhibition): Flattened in the war and what was built since frequently torn down in this bulldozer-happy city, it is difficult to form a picture of Tokyo earlier in the century. This rare opportunity is ideal for those interested in history, architecture, photography – or merely trying to fill in the blanks. Gallery Watari on Killer Dori, a street of boutiques, name derived from the young set's informal fashion parades. Aoyama (405 7005). Ends Mar 23.

Cinema/Nigel Andrews

Feminism without the tears

Carmen directed by Francesco Rosi
A Soldier's Story directed by Norman Jewison
Winter Kills directed by William Richert
Phar Lap – Heart of a Nation directed by Simon Wincer
Scream for Help directed by Michael Winner

When dealing with a patient suffering from an overdose of movie *Carmens* (there have been three in the past year), the first priorities are to loosen his collar, pinch his cheeks and, at all costs, keep him walking round the room. Occasionally, he will give out delirious, broken cries of "To-re-a-dor!" or twitch his fingers in the air as if playing invisible castanets. But these symptoms will soon pass. And you can always comfort him with the fact that he hasn't yet had to sit through *a Carmen by Ken Russell or a Carmen* as updated breakdance musical.

The best cure of all, of course, is a good straight *Carmen* out of Bizet, and Francesco Rosi's 2½-hour film version of the opera is magnificently that. The Italian director drags his all-star cast—Placido Domingo, Julia Migenes-Johnson, Ruggero Raimondi — kicking and shrilling round real Spanish locations; and, for once, the characters' passions grow wild, rooting themselves in soil and rock under real skies rather than in the hothouse tubs of the opera stage.

Rosi's love of gnarled and sun-scorched landscapes — he made *Salvatore Giuliano, Christ Shopped at Eboli* and *Three Brothers*—takes all the "prettiness" out of this *Carmen* and substitutes a ferocious, energetic lyricism. Act I is set in the cliff town of Ronda, its buildings like white mountains gashed and pitted with windows, where Rosi's camera creates a *style of vertiginous extremes as* it peers up from the cobblestones or gazes down from rooftop or a stray heron's nest.

The heady dynamic range of *the music, under Lorin Mazzel's* baton, thus finds a visual match; and Rosi takes the same elastic *élan* out to the gypsy encampment of Act 2 (its sea of twinkling fires surrounding Lilias Pastia's tavern in the rock) and the beetling gorges of Act 3, where our viewpoint concertinas thrillingly between vast Salvator Rosa long-shots and softest close-ups (for Micaela's aria). And even in the past, intimate, fatal *corrida* between Carmen and José in Act 4, Rosi turns the Seville square into a giant, dusty bullring, where the camera weaves its watching circle like an unseen crowd.

The appeal of *Carmen* to the 1980s is that the story offers us feminism without tears. Women can rejoice in the fact that here's a strong-willed, independent female who's no slave to men. (Indeed men are slaves *to her). And men can swallow* this bitter pill because it's irresistibly coated in passion and sex appeal.

Rosi's visual style, with its *harsh, primal* lyricism and its tableaux gouged from Nature, plays both to the story's bold unsentimental "message" and to the strengths of his singers. Julia Migenes-Johnson's gorgeously compelling Carmen is tough, clever, sexy and scintillating — this is a lady who thinks on her feet, even when she's lying on her back. Placido *Domingo's José is never merely* passion's fool but a hero in the breaking, whose titanic sounds (though the Flower aria needn't I thought, have been *quite* so titanic) are indeed the cries of a strong man hitting an iceberg. And Ruggero Raimondi's thunderous Escamillo and *Faith Esham's crystalline* Micaela are likewise frontal, resplendent and no-nonsense. This may be the *Carmen* to end all *Carmens* — and, also, the film to begin a whole new future for opera on the big screen and in the open air.

Placido Domingo and Julia Migenes Johnson in Carmen

★

A Soldier's Story, directed by *Norman Jewison and written* by Charles Fuller from his Pulitzer Prize-winning play, groans under the weight of its own pious earnestness. In a Louisiana *army* base in 1944, we investigate the mystery murder of a black master sergeant (Adolph Caesar). Was he killed by racialist whites? Or by one of *his* own all-black cadets, embittered by his bullying? A sleek, university-educated black army lawyer (Howard Rollins Jr) is flown down from Washington to investigate. And as the tensions, military and ethnic, surface in scenes of questioning and flashback, we learn of the black man's burden of bigoted victimisation, of the pressure-cooker emotions of barracks life, of the hypocrisies of white "liberalism" (Dennis Lipscomb as a smartypants WASP Captain), and of how very long 100 minutes can seem when you're being lectured silly by a movie with no wit, life or chromatic variety.

Unlike Jewison's earlier *racial set-to,* In *The Heat of the Night,* where Rod Steiger and Sidney Poitier alternated high drama and hilarity in the *sizzling* pan of a Deep South small town, *this* film is a game of conscience-stricken Cluedo with wooden characters in moral black and white. The goody-goody hero *(Rollins, dispensing* the bland saintlines of a lobotimised Poitier) delves into the death of the baddy-baddy Sergeant (Caesar, rasping away like a *Splitting Image* version of Edward G. Robinson) while everyone else conforms to his appointed place on the slide-rule between liberalism and authoritarianism. The only blaze of life comes from Russell Boyd's photography, which pumps miraculous light and texture into the austere wood-frame settings. Elsewhere, the film, which has been *nominated* for three Oscars (the Academy never does seem able to tell good intentions from good achievement), deserves one for *sanctimonious* staginess beyond the call.

★

The Oscar for best six-year-old film salvaged from total *oblivion must go to the presi*dential assassination romp. *Winter Kills.* Never mind the width of scandal: the film was whisked off the U.S. circuits in 1979 amid rumours of Kennedy disapproval; and, of its two producers, one was later shot dead and the other sent to jail for narcotics offences. Just feel the quality of the film's comedy-thriller wit.

Jeff Bridges is the murdered President's half-brother seeking several-years-later vengence, and he prowls through the empurpled *paranoia* of Richard Condon's plot like a spooked-out Galahad. There are almost as many holes in that plot as in the President. But director William Richert directs at a *happily — even deliciously* — oblivious pace, and the cast is like a Veterans Rally Day in Hollywood Boulevard: *John* Huston, Sterling Hayden, Anthony Perkins, Toshiro Mifune, Ralph Meeker and — in a one-word role' as a brothel-keeper (but I can't print the word) — Elizabeth Taylor.

★

Phar Lap—Heart of a Nation is another of those horse-wins-*race-against-impossible-odds-and-*everyone-bursts-into-tears films. They have dotted cinema history from National Velvet to *Champions,* and here is the truth-based tale of the Australian nag who rose from inauspicious beginnings ("He looks like a cross between a sheep-dog and a kangaroo," says someone) to win all the top Aussie races. He then went to America, beat an international field and died mysteriously in his stable. Was it accident or equicide? The film does not *speculate, preferring to rest its* appeal on the laurels of victory and the romance of odds-against triumph. Simon Wincer directed, Tom Burlinson and Martin Vaughan star, and a cheerful tearful time is had by all.

★

Michael Winner once said of one of his films, in the understatement of the millennium, "It isn't your Luis Bunuel." *Scream For Help* his new movie is scarcely even your Michael Winner. Directed with a blunderbuss battiness that *makes Death Wish* seem like high art, it's a tale of family murder and revenge in small-town America There are knives, guns, screams, electrocutions, but as always with Winner the most lethal weapon of all is the rampaging zoom lens.

Nash Ensemble/Wigmore Hall

Max Loppert

The Nash Ensemble series of concerts exploring the by-ways of Italian vocal and chamber music was shown on Wednesday night in a particularly attractive light. The programme (which began with Mozart and ended with Schumann) had been chosen with nice dicrimination; the balance of enjoyable non-masterpieces was carefully struck. *Perhaps the cheerful* neo-classical garrulities of Casella's six-movement Serenata for wind trio (including trumpet) and two strings threaten at times to outstay their welcome; but Puccini's *I crisantemi* for string quartet, a short, beautiful exposition of themes later to find fulfilment in Act 3 of *Manon Lescaut,* was the perfect sort of Nash rediscovery.

The concert's centrepiece was provided by Sarah Walker, in her richest, warmest voice, with Ian Brown as pianist. Dallapiccola's *Rencesvals* (1946), a short, sombre setting of a *Chanson de Roland* fragment, combines elegy, dignity, and passionate yet contained lyricism in the composer's most eloquent manner. Miss Walker found unerringly the right kind of vocal eloquence for it, just as her singing of four Verlaine *settings by the all-but-forgotten* Riccardo Pick-Mangiagalli (d. 1949), proclaimed affinities with their rather fragile charms and urbanities that were almost uncanny.

And Miss Walker's brilliantly wry account of the Berio third Sequenza, given as a concert *prelude, had shown yet another* kind of chameleon adaptability. The fact that we hear a lot of this singer in London should not make us complacent of her gifts: for she remains a marvel.

Staatskapelle Berlin/Festival Hall

Andrew Clements

The Berlin State Symphony Orchestra is less well known in the West than its counterpart in Leipzig and Dresden, though it has a long and distinguished history. Since 1964 its principal conductor has been Otmar Suitner, and he was to have conducted Wednesday night's Festival Hall concert, given as part of the Royal Philharmonic Society's *season. Illness prevented* him from appearing, however, and in his place came Walter Weller, leaving the programme of Mozart's Prague Symphony and Mahler's Fifth unchanged.

The concert left a scrappy, unsatisfying impression. The playing of Berlin orchestra was always respectable, though its brass section had some unhappy moments; there is no real sheen on the strings but faithful ensemble and plenty of power when demanded. Unfortunately Mr Weller's way with Mahler was to demand that power frequently and unheedingly. At no point did he give the impression of having thought out a detailed strategy for tackling this somewhat problematic symphony.

Each of the three central movements was in its way quite wrong headed. There was no shape or purpose to the second, until the conductor pulled out a gigantic climax with the appearance of the chorale theme, like the sudden appearance of a conjuror's rabbit; the scherzo was driven so hard it dissolved into gibberish. With an orchestra with great reserves of string tone, a halting, over-extended Adagietto might carry genuine expressive force; with an everyday band like this the effect was bitty and inconclusive.

The orchestra at least had given a better account of itself in Mozart's D major symphony, K.504, *tidy and well integrated.*

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Friday March 15 1985

Brazil's new presidency

THE INAUGURATION of Tancredo Neves today as Brazil's new President is more than just a symbolic event. It is an historic occasion ushering in a civilian president after 21 years of military rule. The door is being closed on an era of unprecedented economic and social change as Brazil struggles to come to terms with its massive $100bn foreign debt.

Although Sr Neves was chosen by an electoral college, rather than directly elected, he was the most suitable candidate by a long shot. And if there had been any lingering doubt since his choice in January, he has convincingly proved to be the right man for the difficult task of carrying Brazil through what will be a transitional phase to a full democracy. Not only is he an experienced politician but all his recent statements, coupled with the choice of his cabinet, underline his pragmatism, caution and lack of rancour about the past. These attributes should stand him in good stead running this vast and complex country that dominates Latin America.

Technically Sr Neves' term of office is for six years but he has let it be known that he would prefer to remain for only four—emphasising the transitional nature of his presidency. By thus limiting his political ambitions at the outset he can play a much more effective role as arbiter. This should make it easier for the country to reassess its priorities under a civilian government.

Constitution

The new administration should be much more accountable to the electorate. Although this makes the task of government tougher, the quality of decisions should improve with a wider public debate. One of the most powerful criticisms against the previous military backed governments was the unchallenged role of such tsars as Delfim Neto, the Planning Minister, who were able to take vast decisions on whim. It should also be an article of faith to adopt a less Olympian style of government from Brasilia, with more power restored to the states, regionalism being one of Brazil's greatest strengths.

In the purely political field, Sr Neves is committed to draw up a new constitution and this must be a top priority. The constitution will delineate the powers of the president and establish the mechanism whereby he can be elected. There seems a fairly broad consensus on its form. A more complex task will be to encourage the reshaping of the political parties. During the past 18 months the traditional parties have begun to break up both over personalities and over moves to end their corrupt, closed-door management. The vigour of democracy will depend in good measure on a reformed party system, with clearly defined political groupings that can appeal not just to the educated but the mass of urban and rural poor, so far excluded from the political process.

In the economic field it is essential that Sr Neves does not raise expectations. His hands are tied by an inflation rate well over 200 per cent and the need to come to terms with the banks and the International Monetary Fund. Significantly he has dropped virtually all previous hints of populist policies and he seems well aware, fortunately, of the dangers of becoming hostage to promises. He would like to ease the lot of the underprivileged but this can only come about if the public sector is vigorously pruned. There is obvious scope here but how much he can expose the excesses of the past without antagonising the military is open to doubt.

As for Brazil's debt, it is perhaps just as well that the long awaited agreement with the banks on rescheduling was not reached with the outgoing administration. Sr Neves cannot duck responsibility for any future agreement which he could have done if it were inherited.

In foreign policy, Brazil would help itself and the outside world if it were to define its position more clearly. Brazil has long been caught paying lip service to the importance of its ties with the developing countries yet complaining of not being fully understood by the industrialised world. It now awkwardly spans both communities but it should be less ambiguous in showing trading partners where its priorities lie.

It would be churlish to expect Sr Neves to act on these priorities at once. He must be given time to establish himself but the importance of Brazil and the scale of the problems are such that the grace period cannot be long. In the meantime he thoroughly deserves to succeed.

Race prejudice in schools

THE Swann Committee directly blames employers, unions and property owners in Britain for perpetuating discrimination against people of other racial origins. But the committee's report, published yesterday, also points out that responsibility for prejudice is spread though all parts of society.

Since the discrimination is felt by immigrants and their descendants who have white skins, it is not simply an issue of colour. And since each of the different ethnic groups feels hostility towards some of the others, the prejudice is not just on the part of the majority against the minorities.

Indeed, on the question of poor performance at school—which was the focus of the committee's lengthy inquiry—most of the many thousands of children who fail to achieve their educational potential are of British origin. The poorest school performers among the ethnic minorities are West Indians. But they still do rather better in the public examinations than indigenously British pupils from similar social and economic backgrounds and with the same intelligence quotient.

The IQ issue is important because it has long fuelled disparagement of other races, especially blacks. Their lower average scores in intelligence quotient tests have been misinterpreted as firm evidence that they are genetically less intelligent, not just in the restricted range of mental activities directly measured by IQ, but in a general sense. This notion is emphatically denied both by the main report and by an associated although independent survey of the evidence led by the professor of psychology at Cambridge University.

Their joint conclusion is that, whether or not children's IQ is determined to some important degree by genetic inheritance, it is certainly strongly influenced by the conditions in which they live. "An IQ test is no more able to gauge a child's true innate potential regardless of the circumstances of his upbringing than is a pair of scales to measure his true potential weight regardless of what he has been fed," the Cambridge study says. IQ scores of low levels found among children of badly off ethnic minority families, are similarly to be found among indigenous children with comparable backgrounds. Although the latter are on the whole less afflicted by broken homes and wretched housing, they fail to benefit from schooling in far larger numbers.

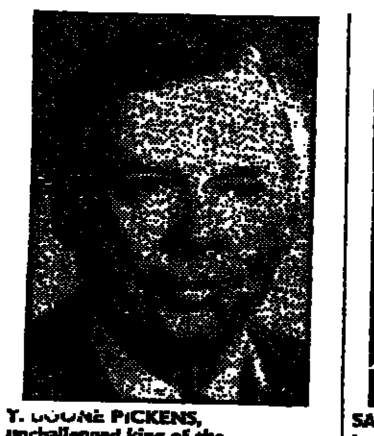
The committee is therefore right to put forward its recommendations for ridding schools of racial prejudice as subservient to the greater aim of improving the educational achievement of all children, including those of British origin. The proposed measures centre on conveying to pupils from every ethnic group, and through every element of the school curriculum, that they are growing up to live in a society already composed of people of diverse backgrounds who although proud of their racial origins need to co-exist on good terms.

Aptitudes

But while helping to reduce prejudice, such adjustments to the present activities of this country's education system would probably do little to serve the committee's greater aim of enabling all children to benefit more from their years in education. The present curriculum and examinations have a built-in bias against pupils—probably the majority—whose intelligences and interests run in directions other than the academic. In the main the system offers a choice of only two kinds of education: a rigorously academic kind, and a watered-down academic kind. It is possible that the major reason for poor performance in the schools is that few of them offer studies which interest and develop children whose aptitudes are mainly practical.

Such practical studies as are provided are largely disdained not only by teachers but also by employers and consequently parents as soft options for children of low general ability. That is a false impression which the Government should now take the lead in correcting. A useful start would be to arrange for the new technical and vocational courses for 14 to 18-year-olds, which at present lead to only a low-level certificate, to count as a part-qualification for appropriate university courses.

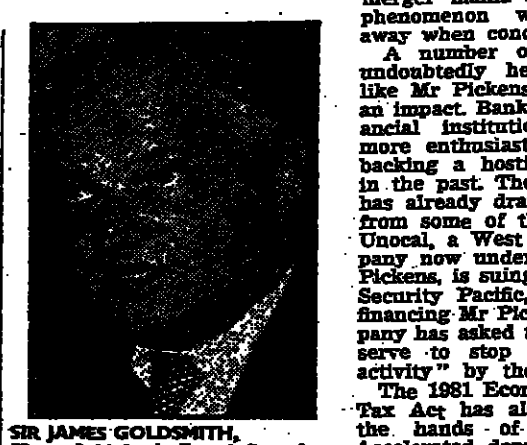
TAKEOVER FEVER HITS WALL STREET



T. BOONE PICKENS, unchallenged king of the corporate raiders. A 56-year-old geologist who started his business with a $2,500 investment and a pickup truck. Probably the shrewest takeover tactician, has an uncanny ability to exploit a victim's weakpoints. In the last three years has made over $1bn in profits.

SAUL STEINBERG. First hit the headlines at 29 with an astonishing bid for Chemical Bank, the seventh biggest U.S. bank, in 1969. His latest coup was Walt Disney where he and friends sold their two-month-old investment back to the embattled company for a $60m profit. He is only 45.

RUPERT MURDOCH, 54-year-old Australian publishing magnate, has been mixing raids on Wall Street with the expansion of his U.S. newspaper empire. First coup was St Regis, which was forced to buy back his shares at $37m profit. Bid unsuccessfully for Warner Communications but walked away with $50m profit.



SIR JAMES GOLDSMITH, 52-year-old Anglo-French financier. Has made a killing in the forest products sector. Successes include the takeover and partial liquidation of Diamond International and a 25-day investment in St Regis which netted him a $51m profit. Currently stalking Crown Zellerbach and Colgate-Palmolive.

Names that strike fear into corporate America

By Terry Dodsworth and William Hall in New York

T. BOONE PICKENS, the Bass Brothers, Carl Icahn, Irwin Jacobs, Saul Steinberg, Rupert Murdoch, Sir James Goldsmith. Just whisper their names in the boardrooms of any large U.S. company and watch the reaction. They are without doubt the most controversial figures in Corporate America today.

Ever since the 56-year-old Mr Pickens, a self-made Texas oil man, emerged from nowhere to mastermind last year's downfall of Gulf Oil—the biggest upset in U.S. corporate history for many years—U.S. companies have been running for cover, trying to protect themselves from the unwelcome attentions of a band of increasingly confident corporate raiders.

Their role in the recent dramatic battle for control of *Phillips Petroleum—the latest* in a string of bids which is dramatically changing the face of the U.S. oil industry—has created a furore and brought to a head the sharp policy debate about the merits of the unprecedented merger mania now engulfing the U.S. corporate sector. The questions include:

- Has Wall Street become a casino where ownership of major companies can change hands at the whim of a handful of speculators? Or do the corporate raiders act as a legitimate check on poor corporate management?
- Are companies being forced to take actions to defend themselves which are not in the long-term interests of shareholders? Who do company directors really represent?
- How does the current merger mania affect the U.S. economy? Is it helping to redirect resources more efficiently, or is it sacrificing longer-term objectives for short-term gains?

To Mr Arthur Laffer, dean of the supply side economists, Mr Pickens is a hero. "Boone Pickens can get management to stand on its head," he says, arguing that the growing band of Wall Street raiders are breaking the grip of the managing class.

By contrast, Mr Harold Williams, a former chairman of the Securities and Exchange Commission, believes that the hit and run attacks on Corporate America are wreaking untold damage. "The current takeover wave is attacking not only poorly managed companies—the traditional reason for supporting the market place action—but also companies that are basically well run," says Mr Williams. "It is causing managements and boards of directors to focus their time and attention on short-term defensive types of activity."

Part of the attraction of Mr Pickens is his extremely simple message which he delivers to great effect. In the midst of his regular takeover battles with the giants of the U.S. oil industry, he can be seen almost nightly on U.S. television hammering home his message that shareholders are being taken for a ride by complacent management.

The companies he is attacking, he argues, are vulnerable only because their share prices do not reflect the underlying value of their assets. What he is doing is unlock the real value for the benefit of all shareholders. "The first rule in any takeover defence manual, is to get your share price up," says Mr Pickens. "Do that and you will be safe. It is as simple as that."

This message has been swallowed and regurgitated by an increasingly confident band of Wall Street raiders who over the past couple of years have marched out of the shadows on to the centre of the Wall Street stage. After extorting a handsome settlement from Phillips Petroleum last week, Mr Carl Icahn described his victory as marking "an important milestone for shareholder democracy."

One of his acolytes, the 43-year-old Irwin Jacobs, sometimes known as "Irv the liquidator," was even more euphoric, calling the defeat of Phillips' controversial recapitalisation plan "the single biggest victory ever won by stockholders on Wall Street."

The appearance of the raiders can be credited with forcing a growing number of U.S. companies to accelerate unpalatable decisions. The climate of thinking which has encouraged ITT to launch its aggressive divestiture programme, for example, or Mobil to admit that it might sell Montgomery Ward, one of the worst acquisitions on record, owes a lot to the implied threats from these upstart predators.

Even so, not everyone is quite so wild about what is happening on Wall Street. For a start, the raiders regularly extort "greenmail," a form of corporate blackmail where companies buy back their shares from predators on terms not available to the rest of the shareholders. In these cases, the corporate raiders not only make a killing for themselves but also weaken the finances of the company.

Companies ranging from Texaco and St Regis to Walt Disney and Warner Communications, household names in their respective industries, have been "greenmailed" over the past year, providing the raiders with short-term profits of over half-a-billion dollars. It has been estimated that over $3.5bn of shareholders' money has been paid out in the form of "greenmail" by U.S. companies over the last year alone.

A second worry is that many managements are increasingly having to spend as much time thinking how to avoid a takeover as on running their companies, Robert Reich, a Harvard economics professor, says that "many managers and big companies for the first time are now threatened. Their corporate lives are at stake. They are quaking in their boots and spending increasing amounts of time huddled with their lawyers and investment advisers."

Critics argue that Japanese companies, which are giving U.S. corporations such a run-around in world markets, do not have to face the destabilising influence of hostile takeovers. U.S. managers, they say, are increasingly under pressure to manage their business with the short-term goal of keeping up their share price at the expense of long-term objectives. This reduces the incentive to invest in intangible programmes like research and development or exploring for oil in the high risk frontier areas of Alaska or the North Sea, where the pay-off, if it comes, can transform a stock market "ugly duckling" into a star performer.

There is also the question whether some companies, in their eagerness to avoid being taken over, are mortgaging their future. Phillips, for example, which has won its independence by offering to swap half of its equity for debt, will emerge as a smaller company with a towering debt burden. If management's optimistic assumptions on oil prices and world interest rates prove wrong, Phillips could well run into serious financial difficulty.

Finally, there is a very real concern that the growing power of corporate raiders like Boone Pickens is forcing companies to strike back in a way which could seriously damage the long-term interests of shareholders. Mr Harold Williams, for example, firmly believes that when the dust settles on the current upheavals, the activities of the corporate raiders will be looked back on as a "major disaster for shareholder democracy."

"If you look at the anti-takeover provisions being passed in most major corporations, they will prevent any kind of actions to depose managements," says Mr Williams. One defence which is catching on like wildfire, much to the chagrin of the raiders, is the so-called "poison-pill." Threatened companies declare a dividend in some form of convertible preferred stock which carries rights that make hostile takeovers prohibitively expensive for a predator.

Mr Williams is also worried by the mounting pressure to alter the listing standards of the New York Stock Exchange (NYSE). An NYSE sub-committeee—headed by Mr Andrew Sigler, chairman of Champion International and an outspoken critic of the corporate raiders—has recommended that the Big Board should allow a listed company to create a class of common stock with disproportionate voting rights.

"If the NYSE goes ahead and passes the proposed rule, it will allow managements to insulate themselves totally from shareholders," argues Mr Williams, who concludes "that once these things are in place you will never get them turned around." He believes this would be a very retrograde step.

As the debate rages on, various responses to the problems posed by the raiders are being aired. Some economists, for example, think that the current merger mania is a temporary phenomenon which will go away when conditions change.

A number of factors have undoubtedly helped operators like Mr Pickens to make such an impact. Banks and other financial institutions are much more enthusiastic today about backing a hostile raider than in the past. Their involvement has already drawn angry cries from some of their customers. Unocal, a West Coast oil company now under attack by Mr Pickens, is suing its lead bank, Security Pacific, because it is financing Mr Pickens. The company has asked the Federal Reserve to stop this "reckless activity" by the banks.

The 1981 Economic Recovery Tax Act has also played into the hands of the bidders. Accelerated depreciation provisions mean that a victorious bidder can often escape tax altogether in the first years after a takeover. And the fact that reported earnings are no longer reflecting the strength of underlying cash flows has meant that many companies are intrinsically stronger than the stock market is willing to accept.

Clearly this environment could change radically if Washington ever gets round to overhauling the U.S. tax system, while a further sharp rise in the stock market would reduce the apparent attractiveness of many potential takeover targets.

A second line of response is to press for legislative changes to make it more difficult for relatively small-scale investors to take destabilising positions in major companies. The point here is that the raiders are grossly undercapitalised in relation to the companies they are attacking. Their threats only make sense because U.S. securities law makes it possible for them to get a strategic stake without making a full bid to the company, and at the same time to make an offer which gives preferential treatment to shareholders who tender their stocks first.

Proposed answers range from Harold Williams' suggestion of a five-year moratorium on all hostile takeovers, to a complete ban on "greenmail," or the adoption of a UK-type system in which investors would be forced to make a full bid once they reach a certain trigger point, at a price which is uniform for all shareholders.

Given the present mood in Washington however, there is not much hope of changes such as these being implemented. The Reagan administration does not seem at all concerned by the current upheavals in Corporate America. Only this week, Mr Joseph Wright, deputy director of the Office of Management and Budget, told a House sub-committee that there were enough checks in the market-place and state laws to curb takeover abuse and that "Federal intervention is entirely unwarranted."

Meanwhile, the stock market continues to dance to the speculators' tune. Over the past few weeks four large companies—ITT, Sperry, Crown Zellerbach and Unocal—have seen their shares begin to jump around as rumours swirled through the market about potential bids. At least one of these companies has already taken a "poison pill."

There is a danger that if things go on like this, American corporations could get hooked on a course of treatment which is worse than the disease it is trying to cure.

PROFILE OF THE MAIN DEALS

Raider	Target	Stake bought (per cent)	Estimated profit on deal $m
T. Boone Pickens	Gulf Oil	13	760
T. Boone Pickens	Phillips	5.7	115
Carl Icahn		4.8	100
Bass Brothers	Texaco	9.9	280
Saul Steinberg	Walt Disney	11.1	60
Irwin Jacobs		7.7	29
Sir James Goldsmith	St Regis	8.6	60
Rupert Murdoch		5.6	37
Rupert Murdoch	Warner	8.6	51
Sir James Goldsmith	Continental Group	n.a.	n.a.

FT Editorial Research

Detroit splits the profits

THE break-up of Detroit's traditional pattern-bargaining system which delivered roughly the same wages to workers throughout the big three car manufacturing companies, is graphically illustrated in this year's profit-sharing results.

For 1983, the first year that profit-sharing was in force, both General Motors and Ford paid out between $400 and $600 a worker. Last year, however, as Detroit romped to record earnings, Ford shot ahead in its profits distribution-handing out an average of $2,000 a man compared with only $500 at GM.

GM workers were, on average, slightly down on their distribution for the previous year although the group's profits soared to a record $4.5bn. The slippage was partly explained by a rising workforce, partly by a lengthy industrial dispute last autumn. GM also put a larger slice of the cake into capital investment — which should, it says, be of advantage to the workforce of GM in the long-term future.

Chrysler, which offered profit-sharing to its Canadian workforce two years ago, is sighing with relief that the offer was refused. Chrysler reckons that if it had been accepted the company would have paid out well over $4,000 a worker after its record $2.4bn profit last year.

Lee Iacocca, the group's high-profile chairman, has been able to send a magnanimous letter and a $500 cheque to the entire North American workforce telling employees to spend the gift on the wife and kids as a recognition of their support when the company had to cut wages to survive in the early 1980s.

Men and Matters

"No, no, you've got the wrong end of the stick—they're abolishing BNOC, not Enoch."

Ladies' man

Jovial Norman Willis, general secretary of the TUC, yesterday incisively summed up the trade union view of Nicholas Ridley, Transport Secretary—the man who back in 1978 drew up a Conservative blueprint to defeat the miners which bore a remarkable similarity to the Government's tactics in the miners' strike.

"Going to see Nicholas Ridley," he told the annual women's TUC conference in Southport, "should be on any university course on the sociology of disaster."

Nevertheless, things didn't all go Willis's way yesterday. He was hissed as he rose to speak because of far-left opposition to the TUC's role in ending the strike. He braved out his critics by refusing to apologise for anything about his or the TUC's involvement in the strike.

That quietened the delegates down so much that when he committed the cardinal error for a man at the TUC women's conference, almost no one noticed.

All morning delegates in the town's Floral Hall had been carefully referring to Ms (or Miss, as she prefers) Ada Maddocks, from the local government union Nalgo, as "chair" of the conference.

As he was within a whisker of finishing his address, Willis slipped-up and called her "chairman." Mind you, away from the women's conference, when she's running the TUC's health services committee, that's what she calls herself too.

Shining brightly

The World Health Organisation wants more research into the activities of moonshiners—those who make what it calls (rather coyly) non-commercial alcohol.

The organisation believes that moonshining is on the increase, particularly in developing countries. There is a shortage of reliable statistics, not surprisingly, but WHO says "anecdotal evidence of its importance abounds."

Brendan Walsh, professor of the national economics of Ireland at University College, Dublin, and Marcus Grant a senior WHO scientist, have produced a thought-provoking list of 36 medical problems and a dozen more social and legal ones which, they say, are related to drinking.

Severe though that list is the two authors fear the public health implications of drinking moonshine may be still more severe because of poor quality control.

Norway, where drink is highly taxed, follows the unusual practice of publishing estimates of its non-commercial production. Around 11 per cent of the spirits drunk, and 9 per cent of wine and beer, is thought to be homemade.

But the investigators think some other countries may be well above Norway's moonshine level.

They also offer a word of encouragement to would-be moonshiners. They say that making alcoholic beverages is a "readily-transferable technology" these days, even to places with no industrial tradition.

Lange's freeze

[illegible] Lange, New Zealand's prime minister, is demonstrating an impressive talent for making waves where the waters were calm before. He is now splashing heavily among his cabinet by telling them they should not accept agreed pay rises.

Lange himself has turned down a NZ$6,000 a year salary rise because he says he is already being well paid for the job. To accept more, he says, would be "just simply greedy at a time we should be showing restraint."

Lange would have enjoyed an increase from NZ$79,717 to NZ$85,743. His cabinet colleagues were awarded increases of NZ$4,304 a year. He has called upon them to make the same gesture of self-sacrifice, adding, "They had better agree otherwise they won't be in their jobs much longer."

The salary increases were approved by the higher salary commission which sets remuneration rates for MPs, senior civil servants, and heads of government bodies.

But Lange takes the robust view that members of Parliament should not be in the job for the money. Pay, he says, should not be the main incentive.

Standing need

". . . be warned. They are addictive. And they are part of an integrated system of technical clothing that you won't want to live without," burbles some advertising copy in Expression, the American Express magazine.

I should hope not. The advertisement is for a pair of trousers.

Observer

POLITICS TODAY

Can he talk to the people?

By Malcolm Rutherford

THE Chancellor of the Exchequer (Mr Nigel Lawson): This Budget will set the Government's course for this Parliament.

There will be no letting up in our determination to defeat inflation. We shall continue the policies that we have followed consistently since 1979. These policies provide the only way to achieve our ultimate objective of stable prices. To abandon them would be to risk renewed inflation, and much higher unemployment. As a result of our determined efforts, inflation is at its lowest level since the 1960s. Economic recovery is well under way and employment is growing.

That was *last* year when Chancellor Lawson was widely acclaimed as having had a good budget, well delivered and including a bite at tax reforms. His reputation is not quite the *same today.*

Menenius: The senate, Coriolanus, are well pleased to make thee Consul.

Coriolanus: I do owe them still my life and services.

Menenius: It then remains that you do speak to the people.

Coriolanus: I do beseech you, let me o'erleap that custom, for I cannot put on the gown, stand naked, and entreat them, *for* my wounds' sake, to give their suffrage: please you, that I may pass this doing.

Shakespeare's Roman plays are among Mr Lawson's *favourites, perhaps "Coriolanus"* most of all. Shakespeare, he says, was a Tory. The Chancellor likes the Roman virtues: the pursuit of stability in an imperfect world. There is a lot of Coriolanus the man in Nigel Lawson: the reluctance to go down into the market place and sell himself and sometimes the inability to do it well when he is persuaded t orry. The City feels neglected by him.

For two years running he has made poor speeches at the Conservative Party Conference, something that (say) Michael Heseltine or Norman Tebbit would never do, though he confesses to being surprised at having received a standing ovation several years ago as Secretary of State for Energy. It was not a particularly good speech. The Conservative Party, and the public in general, can be very fickle about whom they choose to applaud, and then denigrate, and when.

Nigel Lawson: like Shakespeare's Coriolanus, he is reluctant to go down into the market place

Mr Lawson has not always been effective in *the* House of Commons either. He has appeared casual, over-confident, too reliant on his conviction that in the long run his policies will come right. He failed—and regretted it later—to congratulate Neil Kinnock when the Labour leader gave an unusually good performance on the state of the economy.

He has been exceptionally rude to the Treasury Select Committee. "That," he said after one session in a voice that could certainly have been overheard, "*was a complete waste* of time." When it was over, he went conspicuously to talk to a Labour MP, Mark Fisher, whose father was a Tory Member, and not to any of the Conservatives. There were no apologies for his sharpness to Mr Terence Higgins, the committee chairman who, like Mr Lawson, had once been Financial Secretary to the Treasury. Conservatives do not forgive that sort of thing easily.

There have ben other times, however, when he has been outstandingly successful: for example, in a speech in Zurich in 1981 called "Thatcherism in practice: a progress report," in his first Budget speech and again in the Mais Lecture on "The British Experiment" in June last year.

It was *also* notable that the next time he appeared before the Treasury Select Comittee his manner had changed. He treated a Conservative Member, Nicholas Budgen, with respect, whereas on the previous occasion it had been all *disdain.* "What had happened," Mr Budgen had asked, "to Cabinet Government?" The Chancellor said simply "Go on." Mr Budgen dried up. On the second occasion Mr Lawson was almost embarrassingly gracious in thanking Mr Budgen for his remarks that exchange rate policy should not be too clearly defined in public. Coriolanus can go down to the market place if he has to.

Years before he was Chancellor, Mr Lawson used to say that he *was naturally lazy,* preferring short books to long. He repeated much the same thing in an interview with the Observer last week. I used to think that was an affectation, *meant to conceal great know*ledge. Now I think that it is true. Mr Lawson works in sharp, concentrated bursts, like on the Budget. He applies a very great intelligence—no-one has disputed that—but he does not much like it. Those who interviewed him after the Budget last year noted that between saying how hard he had been working and how wise it had been to form an alliance with Norman Tebbit, he kept falling asleep.

Yet this year, even more than last, Mr Lawson is in the thick of things. At a time when the opinion polls seem to have turned against the Government, and the Conservative Party is full of self-doubts, the Chancellor has to deliver. A poor performance next Tuesday would be bad not only for Mr Lawson, but *also* for the Government's standing in the country and for its ability to dominate the House of Com*mons. There is still, after* all, a very competent Labour frontbench, an Alliance grouping that may be ripe for take-off, and a Conservative Party that may have lost its sense of direc*tion.*

What has happened, in the last nine months or so, to make Mr Lawson's stock fall? The natural fickleness of public opinion should be taken as *read. One should* not preclude, though one should not predict, headlines next Wednesday such as "Nigel bounces back." The media become bored with much the same Government, year in, year out, and there is an ingrained tendency to say that Mrs Thatcher will go the way of Harold Macmillan: beleaguered, uncertain about the succession, and increasingly thinking about foreign affairs. There is something in all of that, perhaps especially in present months when the Prime Minister seems to be out of the country almost as often as not, and the national mood may be turning against her.

Yet Mr Lawson has had real upsets, too. Unemployment has gone on rising much higher and much longer *than* expected. The structural changes that he wanted in the economy have been much slower to come about than he originally thought, so that it has become part of the orthodox Conservative litany to say that Mrs Thatcher needs a third term to *put her policies fully into* effect.

There may also have been some carelessness: for instance, over exchange rate policy. There is—or ought to be—a clear intellectual distinction between saying that the Government has no exchange rate target and that it could not give a hoot what happens to the pound, against the dollar or the Deutschemark. Mr Lawson, or the Government *information machine, including* No 10 Downing Street, failed to get that across: hence the very sharp rise in interest rates and the further setback to the Government's economic policies.

Not least, there must be by now a sneaking suspicion that even if this Government has done better than its predecessors in reducing inflation and improving efficiency, the relative economic decline has gone on. Other countries have come out of the recession more impressively than Britain. West Germany, for example, has an annual inflation rate of less than 2 per cent, record exports, yet was without the benefits of North Sea oil.

There is again a crucial political factor. It has been apparent at least since the last general election that there has been a battle within the Cabinet between the radicals and the consolidators. Mr Lawson, when he applies himself, is a radical. He would like to reform and simplify the tax system: to move to a value added tax almost across the board, to get rid of the anomolies and some of the middle class tax privileges, like interest relief on mortgages.

But there is another wing. John Biffen, the Leader of the House of Commons and a Conservative sage of a kind, thinks that the Tories have gone far enough. They have privatised about £6bn of state assets—considerably more than Edward Heath's administration, which sold off Thomas Cook and the Carlisle state brewery. Moreover, they may have created a new political common ground. The Alliance rather than the Labour Party may now be the main challenger for power, and the Alliance at least will not insist on renationalisation. From (say) Mr Biffen's point of view, it would be risky to go much further. There is a limit to how much change the electorate will accept.

It has never been absolutely clear which side Mrs Thatcher *is on: the radicals' or the con*solidators'. Certainly she seems to have come down against some of the more radical tax reforms this time, though her instinct might be the other way *it will be the 1986 budget* that electorally matters most.

Mr Lawson has not much altered since he committed himself to the Conservative Party. He has been the principal archi*tect of Mrs Thatcher's economic* policy since the days when he was Financial Secretary. The Medium Term Financial Strategy was largely his: so were the adjustments to give *more attention to money* in circulation rather than £M3. Even as Secretary of State for Energy he was pivotal for it was in his period that the build-up of coal stocks began, thus facilitating the *defeat of* the miners' strike.

He has not been inflexible. In his Zurich speech he specifically countenanced a rise in the public sector borrowing requirement *for cyclical reasons,* and he seemed to signal some relaxation in policy in his speech to the IMF last September.

On one matter, however, he *has been consistent throughout.* He believes that all previous post-war governments got economic policy the wrong way round. Macro-economic policy was the fiscal stimulus of an enlarged budget deficit with monetary policy passively following fiscal policy. Micro-economic policy was seen as reserved for dealing with inflation by a panoply of controls, subsidies and incomes policies.

The essence of Lawsonism has been to try to stand that on its head. The proper role of macro and micro policy, he said in his Mais lecture, "is precisely the opposite of that assigned to it by the conventional post-war wisdom." He also said: "While the conquest of inflation may not be a sufficient condition for sustainable economic growth, it is, we believe, a necessary condition."

Next week, with the inflation rate again possibly creeping upwards, will be a test. It is not so much the content of the Budget that matters. The Chancellor will have to give a convincing performance. For ultimately Mr Lawson and Mrs Thatcher stand or fall together.

Lombard

French economic dilemmas

By David Housego in Paris

WHOEVER holds political power in France over the next few years, it is already clear that the overriding economic debate is going to be over how to achieve higher rates of growth and investment. The recent article by M Jean Riboud, chairman of Schlumberger, on these pages reflects the growing impatience of many on the Left in France that orthodox economic policies are not only failing to solve the problem of unemployment but will leave France trailing at the bottom of the European growth league—and well behind the U.S. and Japan. M Riboud is a friend of President Mitterrand and his views certainly strike an echo with M Pierre Beregovoy, Minister of Finance, who has been talking again in recent days about the need for higher growth and reducing the growth rate differential with the U.S.

On the other side of the fence, a spirited defence of orthodox policies—and of the importance of applying them more rigorously—has come in a combative book by M Christian Saint-Etienne. M Saint-Etienne is a former IMF economist who now works in France with the OECD. He is an unashamed admirer of M Raymond Barre, the former French Prime Minister, but his book will be seized on by any student of the French economy as providing the best analysis of the economy that has appeared for a long time.

M Saint-Etienne's thesis is that there can be no return to higher rates of investment, and hence of growth, until France cuts back the budget deficit which is absorbing nearly half of net private savings and thus crowding out productive investment.

In contrast to this the deficit of the public administrations (the Budget, local authorities and social security) has tripled over the past four years to 3.5 per cent of GNP. On M Saint-Etienne's calculations it now absorbs 47 per cent of net private household and corporate savings as opposed to 6 per cent in 1979—this in a country in which industry self-finances only 60 per cent of its investments as opposed to 80 per cent in the U.S. or Britain. The result has been, on M Saint-Etienne's analysis, the maintenance of high real long-term interest rates and a reversal of the brief upward trend in productive investment under M Barre. Productive investment, which grew 7 per cent in 1980 declined over the subsequent three years.

One of the conditions M Saint-Etienne sets for a recovery of investment is nonetheless now being partially fulfilled. Corporate profits are rising as salary costs are held down and companies shed labour. But on OECD figures the combined deficit of the public administrations is still growing and likely *to reach 3.8 per cent of GDP.* As a result government debt as a proportion of GNP has risen from 25 per cent in 1980 to an estimated 40 per cent this year.

To bring this down would now require a *sharp deflationary* squeeze on public spending resulting in a further period of low growth. It is the political difficulties implicit in this analysis which makes the Opposition hesitant about spelling out its economic programme.

The Socialists over the past two years have drawn a little on M Riboud's ideas and a lot more on orthodox policies. The logic of M Riboud's arguments would have carried France out of the EMS in March 1983 and raised the import barriers to protect an investment boom from leaking abroad. M Mitterrand recoiled from that alternative in favour of holding down the Budget deficit and providing more flexibility in the labour and financial markets. The result is that industrial investment (accounting for 30 per cent of productive investment) is picking up at an annual rate of about 5 per cent in real terms over 1984-85. But this is largely offset by the continuing decline in investment by the public utilities and the construction industry. So the rate of productive investment as a whole is not sufficient or durable enough to boost employment significantly or make good the investment gaps of the past. M Riboud and M Saint-Etienne are both right that something more drastic is needed.

L'Etat francais face aux crises economiques du XXe siecle, by M Saint-Etienne, pub, Economica, 49, Rue Hericart, 7505, Paris.

Letters to the Editor

Sources of equity

From Mr J. Dodwell

Sir,—Your Leader (March 7) threw doubt on whether or not the Government's business expansion scheme will achieve one of its objectives of providing a new source for small business equity.

It takes time for the public *to become* accustomed to the practicalities and risk assessment of investing in private companies. The successful promotion of separate companies over the last 12 months indicates that investors are now prepared to form their own views on investment direct into companies and more money is being invested as people make their own choice on where to invest.

The Chancellor and other readers should not be misled by the recent multitude of property development companies. Instead, more attention should be paid to companies in the non-property sector which have been raising money.

As investors become more accustomed to the idea of *investing* in a private company, more private companies will be able to raise money and this is surely in line with the Government's original obectives and of benefit to the economy as a whole. It would be exceedingly *rash, on* the basis of what is really less than two years' active experience, to cut short the BES before its current intended end in 1987.

The idea that BES constitutes "the best tax shelter in town" is a fallacy. Every proposed investment should be looked at first and foremost as a commercial proposition with an eye on the risks.

John Dodwell,
Chancery Securities.
20, John Street, WCI.

Business expansion scheme

From Mr G. Mackay

Sir,—Your leader *on* the business expansion scheme (March 7) is a welcome appraisal of the current deficiencies. The emergence of the various BES funds has been a great disappointment because they are not fulfilling the purpose intended. Most of these *funds* are not interested in investing less than £50,000 in a single firm, whereas the main gap in *small* firm financing is for risk capital in the £20,000-£50,000 range.

It *may* be that the solution lies in a change in the regulations controlling such funds which *limits investment* in any single enterprise to, say, £50,000. Alternatively, there may be scope for a new vehicle, a type of local investment fund, which would be more concerned with the needs of small firms.

G. A. Mackay.
Balloan House,
Inverness.

The neglect of manufacturing

From the Group Managing Director,
Concrete Masonry Group.

Sir,—I suppose one should be thankful for small mercies in that the Financial Times (March 9) gave reasonable prominence to the remarks of the Secretary of State for Wales when he attacked the City's neglect of *our* traditional manufacturing areas.

As a medium-sized manufacturer of mainly primary products in unfashionable areas (40 per cent of which are either exported or are import substitutes) I heartily concur with the Minister's views and I know that they are shared by many of us in these basic industries. I wonder, however, if he turned to the Lex column on the same day where, in a piece describing the clearing banks' attempts to put their own houses in order, he would have seen UK manufacturers linked in the same sentence to banana republics. Am I being unduly sensitive or would the Minister see remarks such as these made by your respected columnist as further corroboration of his views?

R. Johnson,
Llay, Wrexham, Clwyd.

Playing poker at County Hall

From the Leading Opposition Spokesman on the Ethnic Minorities Committee, Greater London Council

Sir,—Robin Pauley your local *government* Correspondent commented (March 12) that not a single member of the GLC would last five minutes in a poker school after he watched the rate making proceedings at County Hall.

He was wrong because 40 members constituting the Conservative group played a successful game *of* poker that netted a £50m pot for the rate payers *of London.* Alan Greengross, our leader, convinced the soft left (The Nervous Tendency) that the Conservative group would vote against the maximum rate precept. In fact, the group as a whole had no intention of doing so and would have ensured by abstention that a legal rate was achieved if our bluff had not worked.

We persuaded Labour to discard their *hand with* little *more* than a pair of twos — not bad poker!

Rodney Gent.
County Hall, SE1

Building straw men to knock down the infrastructure arguments

From the Executive Chairman. Gold Fields ARC

Sir,—The star of the pro-infrastructure lobby, in the ascendant only a few weeks ago, is now apparently in free fall. That the Government is "not *for* turning" could not have been made more clear than in January's Expenditure White Paper—a planned real cut in non-defence capital spending of 15 per cent over the next three years. *What is more,* the "siren voice" of the infrastructure lobby must presumably accept a large share of the blame for the plummeting pound and higher interest rates!

In fact the Government has constructed straw men to knock down the broadly-based arguments for extra infrastructure spending. It is interesting to review *this* exercise in character assassination, case by case.

The TUC argument ("Reconsctruction of Britain") — a £30bn increase in five-year public spending—is easy meat for the Government. *This dash* for growth would have dire effects on market confidence. And anyway this case is based on a false diagnosis of our economic *ills.* Demand has never been a problem—rather, it is the inability of home producers to satisfy demand which epitomises the British disease.

But the Government's actual response shows a surprising lack of faith in the success of the medium-term financial strategy (MFTS) in changing attitudes and expectations. Is it unrealistic to hope than a *nominal* demand boost today would produce a 50:50 split between real growth and inflation—ie, only a little better than at present? If not the inflationary price of targeted public *expenditure* is well worth paying. If so,, the MTFS itself must be considered a failure.

With the CBI ("Fabric of the nation") the Government is not confronted with the Viv Nicholson approach to *fiscal policy.* Rather, the case is put for an extremely modest addition to infrastructure spending. Here the CBI apparently stands condemned by its overall support for the MTFS. Since it shares the Government's desire for lower interest rates and lower inflation, pleas for small additions to expenditure can be dismissed as inicical to *both.*

But it is perfectly consistent for the CBI, while recognising the need for a stable financial environment, to argue for a shift in *priorities* within the MTFS. A shift from current spending to economically justified capital programmes would benefit the supply side of the economy the Government itself rightly holds so dear. Any impact on domestic interest rates would probably be less, say, than an upward revision to U.S. GNP figures of one-tenth of a percentage point.

Seemingly the easiest meat of all is the construction lobby itself. The Government has convinced itself that, for the general good, it must rise above special pleading. And, in the Government's eyes, despite the flurry of sponsored Treasury model simulations, the "Boys from the black stuff" are not noted for their acumen in macro-economics.

But the flaws in the Government's case are as wide as the cracks in the M1, or M3. While the construction industry would certainly benefit from increased infrastructure *spending, this* cannot, in logic, disqualify it from pointing out the wider benefits of improved industrial competitiveness and consequen*tial higher employment.*

The recent National Economic Development Office report on the state of the Infrastructure could suffer a similar fate to those of the TUC and CBI. This must not be *allowed* to happen. If nothing else the Government should recognise the cogent argument to extend the ludicrous one year funding cycle for cost infrastructure spending. The Chancellor would do well to take a broader view of the U.S. experience. In a country where, we are repeatedly told, markets work and unemployment *falls,* the approach to infrastructure policy is on a much more rational basis. Spending on federal roads, for example, is administered through a trust fund which enjoys a dedicated multi-year source of highway related tax revenues. Is medium term planning of this sotr too much to hope for from this "reforming" Chancellor?

These debating tactics are not worthy of the Governmnt. Expenditure "restraint" has become nothing more than a euphemism for cuts in capital *spending.* The *Government* should accept its responsibility to establish a rational medium term set of priorities for maintaining and improving the infrastructure as an important contribution to sustaining growth in output and employment.

Humphrey Wood,
Executive Chairman.
Gold Fields ARC,
49,Moorgate, EC2.

FINANCIAL TIMES

Friday March 15 1985

Economic transformation is priority for new leader, writes **Patrick Cockburn in Moscow**

Gorbachev faces consumer challenge

THE NEED to transform the Soviet economy was the main reason the Soviet Communist Party chose Mr Mikhail Gorbachev as its leader on Monday, only seven years after he came to Moscow as the central committee's agricultural specialist.

He has already confirmed that the economy is to take priority. In his first address as leader to the 300-member central committee which rules the Soviet Union, he said the country is at a decisive moment in its economic history as it tries to improve the quality of industrial and agricultural output.

It is hardly news that the Soviet economy faces difficulties. The last completed five-year plan, up to 1980, saw the economy grow by only 2.7 per cent a year. Per capita consumption of meat, for example, was the same in 1982 as it was in 1975.

Moves to reform the way in which the economy is run were undertaken, but change has been difficult. In 1982, the year President Brezhnev died, the average age of the 114 ministers who play a decisive role in managing the economy was 72, and their senior deputies were in their late 60s.

Without a sweeping change in senior personnel it was difficult to take seriously the rhetoric of reform requiring decentralisation of management and incentives for quality production.

But economic ills are not merely the consequence of blunders by an antique leadership: they are the result of the way in which the Soviet Union developed its industry from the late 1920s to the 1960s.

Faced with a chronic shortage of capital, and a lack of skilled labour and equipment, the country was industrialised by using previously under-utilised factors. Labour poured into the cities, natural resources were easily exploited, and small investments produced big returns. Agriculture was consciously exploited to provide cheap food for the cities.

If the methods of development were crude, they were also successful, and a powerful industrial base was created. The problem today, and indeed for the last 15 years, is that the system has reached its limits.

"Symptoms were declining growth in the productivity of capital, labour and land, obsolescent production techniques, technological stagnation, shortage of consumer goods, and a decline in the quality of industrial products," according to a specialist on the Soviet economy.

Complaints about the lack of quality goods are an abiding topic in the Soviet Union. One woman living in a country town said that rent on her three-room flat plus electricity, gas and telephone cost her only 18 roubles (about $20.70) a month but that her high-quality boots from West Germany cost her 118 roubles.

Housing, transport, food, education and health are met by the state at very low cost. Subsidies on foodstuffs alone cost 40bn roubles a year. But the state has been unable to produce the quality goods which consumers, with sharply rising real incomes, want to buy.

Official measures of economic growth (%)

	Gross industrial output	Gross agricultural output
1966-70	8.5	3.9
1971-75	7.4	2.4
1976-80	4.4	1.7
1981-84	3.6	0.7

The extent of unsatisfied consumer demand, particularly for services, is illustrated by the rise in savings in the banks from 91bn roubles in 1975 to 187bn roubles in 1983. Wages are clearly less of an incentive to productivity if there are not enough goods to buy.

At the same time, the natural resources which were once abundant and could produce big returns on little capital investment, are now much more scarce. The Soviet labour force will have grown by only 3m during 1981-85 compared with 11m in the previous five-year plan. The rate of increase in capital investment has also fallen.

The Soviet Union is still very rich in natural resources but their location is becoming more remote. Some 88 per cent of all fuel and power sources are to be found in Siberia and the Soviet Far East, compared with only 9 per cent in the European part of the country.

The exploitation of these reserves is far more expensive because the areas from which they must be extracted are often Arctic wastes where towns and roads have to be built. One Soviet economist says that in real terms the investment cost of extracting oil, gas and coal doubled in the 20 years after 1960.

Since the start of the 1980s, the reaction of the Politburo and the central committee to these difficulties has been to agree that the priority must be increased productivity, innovation, efficiency and quality. Mr Gorbachev was an advocate of such measures. Last year he said: "The main things is to increase the output per unit of existing or newly received material and financial resources."

The method of achieving this – for which Mr Gorbachev was partly responsible and which he will try to boost – was to link wages more closely to production of quality goods. "People must sense a direct dependence between the economy and their pay," he said.

At the same time, management would be decentralised to individual plants, and it was suggested that they should control capital as well as current outlays.

The influential economist Dr A. Agenbegyan said: "Their work should be regulated to a significant extent by indirect levers, by the price system, financing conditions, charges for resources and so on."

The power of the ministries would be reduced and overall strategic planning concentrated more in the central committee, whose economic secretariat has been expanded. The food programme of 1982 and the energy programme published a little later are both the result of such thinking.

Both strategies have had some success, though at high cost. More meat and vegetables are available in the shops, despite poor harvests, because feed grain has been purchased from abroad and the livestock herd numbers kept up. But agriculture, absorbing a third of total capital investment, is still not producing the returns needed by the Politburo.

The energy programme, under which oil and coal output is to be maintained at present levels, while gas is developed and nuclear power stations built, will take another 22 per cent of capital investment.

Mr Gorbachev has always stressed the possible gains if the new economic experiment pays off. "An increase in only 1 per cent on fixed assets in industry is equal to almost 8bn roubles worth of an additional output," he said last year.

Total transformation of the economy is unlikely but a substantial measure of success should be attainable, if the new leader's views hold sway.

U.S. cautions on quick thaw, Page 3

THE LEX COLUMN

Dividend gusher from Shell

Royal Dutch/Shell's quarterly directory of numbers managed to disappoint and please the London equity market at the same time.

Net income for the fourth quarter, at £866m by Shell's own current cost accounts, was a shade below expectation. A final dividend increased by almost 33 per cent was beyond the bounds of hope. That Royal Dutch lost £⅜ from its share price probably had more to do with rumours of a large line of stock on offer in New York than any serious local discontent.

After all, Malaysian tin-dredging, which required a substantial write-off in the fourth quarter, scarcely lies at the heart of Shell's business. Upstream earnings on a current-cost basis of £909m were on the low side, however, especially given the 10 per cent increase in equity crude production.

In downstream operations outside North America, Shell has shown once more just how good it is at controlling costs against rising local currency feedstock prices. With its European refineries operating at a loss, Shell did very well to squeeze out an extra current-cost £87m from elsewhere. With the cost of the Shell Oil shareholding met entirely from cash flow, the group is still sitting on cash balances of £6bn as if it really wanted a tax bracket all of its own.

The dividend increase might be designed to appease the growing U.S. shareholding in both Royal Dutch and Shell, but U.S. investors might not even see an increase if the dollar rises further by payday in May. More tantalising is the hint that the guilder dividend need not be held to a 15 per cent rise next year when Shell Transport's supplementary cash dividend is phased out. Indeed, Shell Transport shareholders have no great reason to fear their 1985 payout will stand still.

Even with a small increase this year, however, the prospective yield on Shell at 775p, down 2p on the day, is trailing that of BP by 3 percentage points. Shell will be that much more vulnerable should the oil sector turn down in the summer.

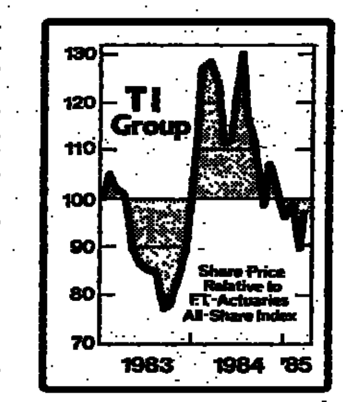
Dee/Booker

It was obvious that Booker, given the Monopolies' Commission breathing-space, would be able to rest its defence on much improved 1984 results, and for some while the market has been primed to expect something like £35m before tax. Booker's ability to do a little better – and throw in enough of a dividend increase to reverse the income advantage claimed by Dee – should now give it a real chance of holding out. Strong though the performance is, however, a critic might wonder how repeatable the last couple of million might be in a more difficult year.

The 326 per cent rise on food distribution is encouraging, certainly, but it owes a bit to acquisition – Bishops doubled the retail turnover – and appears to have gained by stiffer wholesale pricing, a successful tactic which might well sacrifice market share in the longer term. Again, the startling £8.4m rise in U.S. agricultural profits takes full advantage of a stronger dollar as well as of Booker's increased stake in its U.S. businesses. While reshaping its portfolio, moreover, Booker has been able to pull in cash and all but eliminate its interest charge.

Whatever the right multiple for these changes may be, it seems likely, all the same, to be a fraction higher than the current rating – one which has been effectively capped by Dee's peculiar stratagem of dumping Booker shares on the market.

TI Group



It was no coincidence that TI Group chose the offices of S.G. Warburg as the venue for its discussions with the City yesterday. The company is in serious danger of being taken over and yesterday's statement read more like a defence document than a preliminary announcement. Not that the statement amounted to much of a defence; the 1984 profits of £19m pre-tax were far short of what analysts had been expecting a few months ago and only 17 per cent above the depressed 1983 figure.

TI is admittedly doing everything in its power to mitigate the damage to its results. The loss-making U.S. cylinders plant is merely being mothballed, which avoids the extraordinary costs that would follow from closure, while year-end net debt has been held down to an acceptable figure of £97m, representing 42 per cent of shareholders' funds. Unfortunately, the interest charge of £20.1m points to an average figure very much higher.

TI is talking tough about its four loss-makers, of which much the most serious is Raleigh. The group expects to have Raleigh in profit by 1986 – it probably lost about £8m last year – although the market will take some persuading given the suddenness of the bicycle crunch last year. TI is no doubt serious in its intent and can point to the 42 per cent return on capital achieved in domestic appliances last year as evidence that some businesses can prosper under its stewardship. But the multiplicity of its problems inevitably calls into question the quality of its central management and it is no consolation to see that the one division which improved its performance last year was the commodity-related steel tube business. Profits should be higher this year, but how much higher is anyone's guess. Meanwhile, the share yield is 6.1 per cent at last night's price of 240p, up 20p, and would soon yield a good deal more if an unfriendly takeover forced TI on to the defensive.

Hongkong Land

Yesterday's disguised rights issue from Hongkong Land was evidently designed as another forceful signal that the group is not to be rushed into selling property assets in a rising market. Quite as important as the balance sheet consequences – net debt comes down to a manageable 72 per cent of published shareholders' funds as a result – was the implied return to stock market respectability.

Land is not out of the wood yet – the critical Exchange Square development has still to be let and the book value of that asset may overstate the real worth – but at least the group has shown that the public markets are prepared to take it seriously again.

The issue contained enough bells and whistles (detachable warrants, partial payment and a respectable preference dividend) for the shares to be sold above the market price and within striking distance of true net worth. And, if Exchange Square goes according to plan, Land may this year be able to pay a proper dividend on its ordinary shares.

Israel under internal pressure to speed Lebanon withdrawal

BY DAVID LENNON IN TEL AVIV

LONG COLUMNS of huge flatbed trucks are clogging the roads of Eastern Lebanon as the second stage of the Israeli evacuation from the eastern sector moves into high gear. Despite the appearance of mobility, however, divisions within the Government are preventing a decision on bringing forward the final stage of the withdrawal, due to be completed only in September.

Calls have been growing within Israel this week for the second stage of the withdrawal, which is under way and due to be completed by May, to be combined with the final stage.

After the deaths of 14 Israeli soldiers in guerrilla attacks in Lebanon this week several Cabinet ministers proposed this step as a way of speeding the pull-back. They included Mr Ezar Weizman, a former Defence Minister, and Prof Amnon Rubinstein, the Communications Minister.

The fact that the Shia Moslems of southern Lebanon have stepped up their attacks on the Israeli troops in the wake of the Israeli "iron fist" policy, rather than being cowed by the harsh punitive measures used, has further divided the Cabinet, between those who favour a quick withdrawal and those doubtful about the plan.

The right-wing Likud bloc headed the Government which ordered the invasion of Lebanon in 1982 and now, as a member of the unity Cabinet, is far from enthusiastic about the withdrawal idea. When the original decision was taken, all but two of the Likud members of the cabinet voted against the plan.

The Likud would prefer to stay on for an indefinite period to ensure that Lebanon does not again become a base for Palestinian guerrillas seeking to attack northern Israel. At the least, many members of Likud would like Israel to abandon the idea of a third stage withdrawal and, instead, keep all the area south of the Litani River as a security zone.

Likud leaders, such as Mr Yitzhak Shamir, the Foreign Minister, and Prof Moshe Arens and General Ariel Sharon, former Defence Ministers, argue that once the Israeli troops are back at the border, the Shias will carry their attacks across into Israel.

This is not the view of Mr Shimon Peres, the Prime Minister, or of his Labour Party colleague, Mr Yitzhak Rabin, the Defence Minister. They believe that the guerrilla attacks are aimed at ensuring the Israeli retreat, and that, once the occupation ends, the Shias will turn their attention to the internal situation in Lebanon.

They argue that, if there is the occasional incident of a rocket being fired across the border, this can be dealt with by the army carrying out retaliatory raids.

This situation, the Labour Party believes, is preferable to having the Israeli soldiers in the words of Mr Rabin, "spread across Lebanon," where they are a target for the Lebanese resistance.

Popular sympathy is undoubtedly with the Labour attitude. Like the Americans and Vietnam, the average Israeli wants to get out of Lebanon and forget the whole mess. This could be the telling factor, when the Cabinet comes to discuss the third stage.

Mr Peres is deflecting all arguments about the pace of the withdrawal by insisting that this is basically a decision for the army. The troops will pull back as quickly as possible, but the speed of this operation will have to be decided by the men on the ground – the army.

But eventually, the Cabinet will have to decide on the final withdrawal: then the strains between the right- and leftwing parties, which sit in uneasy alliance in the Cabinet, will make such a decision very difficult to attain.

If Likud blocks the third stage, this could provide the Labour Party with the opportunity many of its members seek to bring down the Government. Labour feels it would have a strong chance of forming a new Government, either from the existing Knesset (parliament) or in new elections, if the issue is withdrawal from Lebanon.

Beirut talks with rebel at deadlock

BY RICHARD JOHNS IN BEIRUT

THE CHRISTIAN heartland of Beirut was paralysed yesterday by deadlock in attempted negotiations between Mr Samir Geagea, rebel leader of the Lebanese forces, and elements loyal to President Amin Gemayel.

Talks took place between Dr Fuad Abu Nadr, official commander and chief of staff of the Lebanese forces, and Mr Geagea who earlier had refused to meet the seven-strong mediation committee headed by Cardinal Antonioud Khreish, patriarch of the Lebanese Christian Maronite community.

The majority of the Lebanese forces, the Christian militia unified in 1980, was reported by well-informed western diplomats to owe allegiance to Mr Geagea, a hardline pro-Israeli Christian militant. His main aim is to eliminate Syrian influence over Lebanon and bring about withdrawal of its troops, as well as to prevent political concessions if a reconciliation is to be established among all factions in the country.

Lebanese forces loyal to Mr Geagea were reported to be in control of all the Christian areas in the central mountainous region of Lebanon north of the Dog River.

Diplomats reported, however, that Syrian troops controlling the north and east of Lebanon had closed in on Bsharre, the power base of the Geagea family. They said the Lebanese army might move against the dissident Lebanese forces.

The combined militia is estimated to have a strength of 6,000 but can mobilise 20,000 to 25,000 by calling up reservists.

It became clear yesterday that Mr Geagea had formed his own command of the Lebanese forces in defiance of President Gemayel and the Phalange Party, the predominant Christian political faction from which the rebel leader was expelled on Monday. The party was established by Pierre Gemayel, Amin's father, who died last year.

The mediation committee was formed after President Gemayel addressed 62 political and religious leaders on Wednesday.

The Shia Amal movement and the predominantly Druze Progressive Socialist Party sent delegations yesterday to discuss the crisis with President Hafe Al Assad of Syria. He has advised President Gemayel to deal with the problem "carefully" and "prudently," according to Beirut newspapers.

There is no doubt about the extent of concern in Damascus and the prospect of violent intervention if Mr Geagea does not climb down.

Economy under siege, Page 4

Oil industry ponders life after BNOC

Continued from Page 1

ket purely to establish a lower tax reference price.

Some take the view that if Shell and Esso decide to keep all the output of the Brent field for their own refining systems, it will mean the end of the main North Sea spot market in Brent blend oil.

It is more likely, however, that the market will continue, if perhaps at reduced volume, since the big oil companies now all have independent trading departments, whose objective is to make money by trading oil.

It may be that the forward physical crude market in Brent (for deliveries more than two months ahead) will decline, possibly to be replaced by a formal Brent crude futures market which is now again under consideration by the London-based International Petroleum Exchange.

There was no official reaction to the move from any Opec spokesman yesterday, although some may emerge on Monday when a group of ministers, including Sheikh Amhed Zaki Yamani, the Saudi Oil Minister, meet in Geneva to discuss the organisation's new production and price monitoring arrangements.

Yesterday was the weekend holidy in the Gulf countries. Nigeria, the producer most likely to react to the UK decision, maintained silence.

In Mexico – which although not a member of Opec is a key oil producer – officials expressed concern that Mexican sales to the U.S. where Mexican crudes compete directly with UK crudes, could suffer downward price pressure.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	12	54	Dubrovnik	R	9	48	Malaga	S	16	61	Salzburg	C	4	39
Akrotiri	S	22	72	Faro	S	16	61	Malta	C	16	61	Seoul	S	9	48
Algiers	R	12	54	Florence	C	11	52	Manila	S	34	93	Singapore	F	31	88
Amsterdam	R	5	41	Frankfurt	Sl	2	36	Miami	S	26	79	Stockholm	S	5	41
Athens	C	11	52	Funchal	F	16	61	Milan	S	11	52	Strasbourg	C	9	48
Bahrain	S	23	73	Geneva	C	5	41	Moscow	S	5	41	Sydney	C	24	75
Bangkok	S	36	97	Gibraltar	C	14	57	Munich	C	3	37	Taipei	R	17	63
Barcelona	S	12	54	Guernsey	F	7	45	Nairobi	S	27	81	Tangier	S	15	59
Beirut	S	21	70	Helsinki	C	1	34	Naples	R	9	48	Tehran	-	—	—
Belgrade	S	8	46	H. Kong	C	14	57	New Delhi	S	26	79	Tel Aviv	F	19	66
Berlin	S	5	41	Innsbruck	C	3	37	New York	F	15	59	Tenerife	F	19	66
Biarritz	C	10	50	Inverness	C	3	37	Nice	S	13	55	Tokyo	R	9	48
Blackpool	S	5	41	Istanbul	S	15	59	Oporto	S	13	55	Toronto	C	5	41
Bordeaux	C	10	50	Jersey	S	7	45	Oslo	S	5	41	Tunis	F	13	55
Brussels	T	4	39	Jo'burg	C	20	68	Paris	S	9	48	Valencia	S	14	57
Budapest	F	5	41	Las Palmas	F	20	68	Prague	C	3	37	Venice	F	9	48
B. Aires	S	32	90	Lima	S	26	79	Reykjavik	C	-3	27	Vienna	C	4	39
Cairo	S	20	68	Lisbon	S	14	57	Rio de J'o	C	33	91	Warsaw	S	9	48
Cape Town	C	16	61	Locarno	S	12	54	Rome	C	11	52	Zurich	C	5	41
Caracas	C	27	81	London	C	9	48								
Casablanca	S	14	57	Los Angeles	S	23	73								
Copenhagen	C	0	32	Luxembourg	Sn	0	32								
Corfu	T	11	52	Madrid	S	9	48								
Dublin	C	7	45	Majorca	S	14	57								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Mubarak gains UK backing for initiative

Continued from Page 1

Egyptian President's suggestion that the U.S. should engage in a dialogue with a joint Jordanian-Palestinian delegation as a first step towards direct talks between the latter and Israel.

The Egyptian President was clearly stung by the U.S.'s cool response to his proposals. In a speech to the National Press Club in Washington on Wednesday, he sharply criticised the Administration's refusal to take a lead in Middle East peace moves and accused it of adopting "a defeatist approach."

Virtually every nation except the U.S. talked to the Palestine Liberation Organisation (PLO), without whose participation a Middle East peace settlement could never be reached, Mr Mubarak said.

Referring to last month's agreement between King Hussein of Jordan and Mr Yassir Arafat, the PLO leader, on a joint approach to settle the Arab-Israeli conflict, President Mubarak said Mr Arafat was "a moderate man."

"We should try to help him. He is not a terrorist as some people think.

President Mubarak warned the U.S. that delays in the search for peace in the Middle East would have grave consequences for the U.S.

Spending cuts package

Continued from Page 1

tive of letting the President and the Republican party take the political heat associated with the sharp cuts in government spending which the President is seeking.

Many in the House maintain that the Republicans will ultimately fail in their efforts to agreed deep budget cuts and that, in spite of President Reagan's opposition, a tax increase will eventually have to be considered.

It is pointed out, too, on the democratic side that the projected savings advanced by the Senate Republicans are based on over-optimistic assumptions. It is argued that the scale of the defence spending cuts is being exaggerated and that the ultimate size of the deficit reductions hinges, particularly in the years towards the end of the decade, on what are generally viewed as the Reagan Administration's optimistic economic assumptions which the Senate Republican's have endorsed.

The Administration retorts that the fact remains that the Republicans in the budget committee have approved at least in part many of the spending cuts the President wants.

Other important spending reductions the President asked for including slashing farm support programmes, have fallen by the wayside, however. The committee voted to maintain agricultural supports at current levels, which would raise spending by $6bn in 1986.

Dutch telecom role for APT and Ericsson

By Jason Crisp in London

L. M. ERICSSON of Sweden and a joint venture between American Telephone and Telegraph and Philips (APT) will be the main suppliers of digital telephone exchanges to modernise the Dutch telecommunications system.

Philips and Ericsson are the traditional suppliers of exchanges to the Dutch PTT. The Dutch Transport Ministry, however, said yesterday that ITT, the U.S. multinational, would also supply a small amount of equipment from 1989. This would be the first time the company has supplied exchanges to the Dutch PTT in more than 10 years.

The orders will meet the Dutch PTT's requirements for the next five years and are part of a 20-year modernisation programme worth more than Fl 7bn ($1.85bn). The first orders are for deliveries starting next year, but no details were given on the size or share between APT and Ericsson.

Reports have quoted industry sources saying that APT would win over 50 per cent of the orders which would be worth Fl 800m over the next five years and that Ericsson would get at least 30 per cent.

Ericsson has about 25 per cent of the Dutch market. The company has a telecommunications plant in the Netherlands employing 800 people and has recently won orders for a large digital international exchange, and is supplying equipment for the mobile radio service.

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SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday March 15 1985

AT&T deal boosts Olivetti parent company profits

BY ALAN FRIEDMAN IN MILAN

OLIVETTI, the leading European-owned data processing equipment group, yesterday announced a 69 per cent jump in its 1984 parent company net profits to L237.1bn ($110.3m).

The increase, achieved on a 38.2 per cent rise in parent company turnover to L2,552.5bn, was described yesterday by the Italian company as "the best ever achieved as regards both revenue growth and income." Olivetti had also achieved record results in 1983, with a 73 per cent increase in parent company earnings.

Although full group results will not be available for a few weeks, Olivetti said that consolidated revenues amounted to L4,573.9bn, up by 22.4 per cent. Group net income would show "a notable improvement" on the L295.3bn recorded for 1983.

One of the key factors contributing to Olivetti's success in 1984 was its sale of 100,000 work-stations to American Telephone and Telegraph (AT&T), the U.S. telecommunications giant which paid $260m for 25 per cent of Olivetti in late 1983. Between last April and December, AT&T paid $160m for the 100,000 work-stations.

Undoubtedly helped by the significantly higher 1984 cash flow of L438.6bn (an increase of L128.8bn) and by the injection of funds from AT&T, the company said it had completely cancelled indebtedness. A year ago the Olivetti parent company announced a L186.5bn net debt, but its latest figures show a L100.8bn cash balance.

Olivetti stressed yesterday that its 1984 results had been achieved in a year of record investments. The parent company allocated L203bn to capital and commercial expenditure and L157bn to research, while at the group level investments exceeded L400bn and research amounted to L230bn.

Prudential broking arm suffers $130m loss

BY OUR FINANCIAL STAFF

PRUDENTIAL-Bache Securities, the broking subsidiary of the Prudential Life Assurance Group of the U.S., incurred a $98m operating loss last year because of "poor stock market conditions" which resulted in flat revenues of $965m.

Prudential said that after additional charges for amortising goodwill, Prudential-Bache's loss amounted to $130m. It had experienced a year "similar to that of its competitors," the statement added.

There have been persistent rumours that Prudential might dispose of the securities company, which it bought only four years ago, because of its consistently poor results. But Mr Robert Beck, parent group chairman, said Prudential-Bache was "not for sale, has not been for sale and is not being considered for sale."

Last year, he pointed out, the broking company had been adding capacity with an eye to the future, despite the flat conditions on Wall Street. In the first quarter of this year it was expected to be in profit.

Mr Beck said that in its main insurance activities, Prudential had experienced rapid growth, recording a 15 per cent increase in assets to $97.5bn.

Mixed results for U.S. retailers

By Our Financial Staff

TWO U.S. store groups, K mart and Dayton Hudson, yesterday reported contrasting results for the fourth quarter, although both lifted full-year profits marginally.

K mart, the second biggest retailer in the U.S., suffered a sharp fall in fourth-quarter net earnings from $248.6m or $1.91 a share to $204.3m or $1.57, despite a rise in sales from $5.7bn to $6.9bn.

For the year ended January 30, net profits were $499.1m, or $3.84, against $492.3m or $3.80, while sales rose from $18.6bn to $21.1bn.

The company said it benefited from a lower effective tax rate in the latest year.

Minneapolis-based Dayton Hudson reported fourth-quarter net profits of $148.7m or $1.54, against $142.1m or $1.47, taking earnings for the year from $245.4m or $2.54, to $259.3m or $2.68.

Sales rose from $6.96bn to $8.01bn in the year, and from $2.39bn to $2.7bn in the quarter.

Chapter 11 for Florida airline

By Our New York Staff

PROVINCETOWN Boston Airline (PBA) the Florida-based commuter carrier which was briefly grounded for safety violations last year, has filed for protection from its creditors under the Chapter 11 provisions of the bankruptcy code.

The airline said it had been forced to go to the courts because of cash flow problems due to "outstanding accounts payable." It added that it would continue its operations as usual.

ITT asks SEC to rule out liquidation proposal

BY PAUL TAYLOR IN LONDON

THE U.S. Securities and Exchange Commission (SEC) will rule within the next week on whether ITT, the U.S.-based multinational conglomerate, must include an investor proposal to liquidate the company in its annual meeting proxy material.

ITT, which has been the subject of mounting Wall Street speculation in recent weeks, confirmed that it has asked the SEC to rule that it does not have to put the liquidation proposal before shareholders at its annual meeting on May 16 in Savannah, Georgia.

The company, which is in the midst of a $1.7bn divestiture programme and which earlier this week reported a 34 per cent decline in 1984 net earnings to $448.5m, told Wall Street analysts that the liquidation proposal has been made by a single shareholder.

ITT said yesterday that the proposal was one of five "form letters" received late last year involving shareholders who own a total of 22,000 ITT shares. Since then four of the proposals have been withdrawn. The single remaining proposal, which calls on directors to take "such action as may be required for the dissolution and liquidation of the company" has been made by an unidentified shareholder who owns 500 shares.

The proposal is vigorously opposed by ITT's management, which is in the process of re-focusing the group's far-flung empire on high-technology businesses and financial services. However, Mr Cabell Woodward, ITT's chief financial officer, told Wall Street analysts that the group currently has no plans to put anti-takeover measures – such as "poison pill" defences – before shareholders

Ten days ago, ITT announced that it had called off merger talks with Sperry, the U.S. computer group. Mr Woodward revealed that the ITT had been "invited" to consider an offer for Sperry during discussions on a joint marketing agreement. It is understood, however, that the talks broke down because of disagreement over the price Sperry was seeking.

Mr Woodward told analysts that ITT wants to concentrate on improving its existing businesses. "We are not seeking or looking for a large acquisition now," he said.

Mr Woodward and other senior ITT executives said 1984 had been a "difficult year" but added that the company, which has major European operations and a large European shareholder base, expects to improve both first-quarter and full-year earnings in 1985.

CFP looks for more oil reserves in U.S.

BY PAUL BETTS IN PARIS

COMPAGNIE Française des Petroles (CFP), the French Total oil group, plans major investments in the U.S. to increase its oil reserves, M François Xavier Ortoli, the new chairman, said last night.

M Ortoli, the former French EEC commissioner, outlined for the first time his strategy for Total. Priority would be given to exploration and production and to the development of oil resources by acquiring interests in politically safe and economically attractive regions, he said.

Total will intensify its efforts, especially in the North Sea and in France. M Ortoli said it was also necessary to make "decisive progress" in developing the company's modest position in the U.S.

He said only 3 per cent of the group's cash flow came from the U.S., a situation he described as virtually unique among major international oil companies.

The parent company would now intervene alongside its U.S.-subsidiary, Total Petroleum of North America, in U.S. exploration and development activities. M Ortoli indicated that the company would be actively seeking opportunities to acquire new U.S. reserves.

He said another priority would be to develop Total's trading activities worldwide. The group, he added, would have to continue rationalising refining and retail operations in Europe because of the sluggish European market. Total is keen to find a solution to its loss-making Italian operation and has sought so far unsuccessfully, to shed these activities.

U.S. rocket power group seeks buyer

By Our New York Staff

ROCKCOR, the U.S. high technology group which manufactures small rocket engines, said yesterday that it has asked Dillon Read, its investment bankers, to "pursue the possible sale" of the company. Rockcor, which had sales in fiscal 1984 of $91m, said it has already had discussions with a number of unidentified potential buyers.

The move follows mounting pressure on Rockcor from an investment group, including a former senior Rockcor subsidiary manager, which has built up a 7.3 per cent stake in the company and has said it may seek control of the company.

Rockcor's shares, which have moved sharply higher in recent months fuelled by takeover speculation, jumped a further $1.25 to $15.50 on the news yesterday.

Quarterly National Semiconductor earnings eroded

BY LOUISE KEHOE IN SAN FRANCISCO

NATIONAL Semiconductor, the third largest U.S. semiconductor manufacturer, made virtually no profit on its operations during its latest quarter.

For the three months to March 3, the company reported dramatically reduced net earnings of $1.5m or 2 cents per share, compared with net earnings of $15.4m or 18 cents a share for the same period last year.

The result was boosted by a $1.3m after-tax gain from an insurance claim settlement on previously written-off damaged production equipment. Sales during the quarter totalled $394.5m, against $382.8m.

Nine-month net income was $45.9m or 52 cents a share also including a tax credit of $5m and a gain of $3.4m from the reversal of previously deferred income taxes. Sales in the nine months totalled $1.4bn, up from $1.2bn in fiscal 1984.

Mr Charles Sporck, its president said: "Sales for the semiconductor division in the third quarter reflect the continuing weakness in semiconductor demand throughout the industry."

As a result of the downturn, National has introduced a four-day week, frozen wage increases and laid off 400 workers.

The company is also slowing down its capital expenditure, said Mr Sporck.

Capital spending for the past nine months totalled $310m, almost double the amount spent in the same period a year earlier.

He said of the company's trading performance: "This is the deepest downturn that I have ever experienced during my entire career in the semiconductor industry.

"We have seen no improvement from the very weak semiconductor order rates of the past several quarters. Obviously, this weakness has increased pressure on both sales and operating performance and will continue to do so until there is a sustained improvement in semiconductor order rates."

Operating net income for the nine months was $40.9m or 46 cents per share, compared with $36.9m or 47 cents a share for the first three quarters of fiscal 1984.

National Advanced Systems, its mainframe computer subsidiary, said it had booked a record number of orders for large systems during the past quarter.

New blow for ComputerLand

OAKLAND – an Alameda county jury awarded an investor group $125m in punitive damages stemming from a lawsuit against ComputerLand, the privately held computer retailer, and its founder over a $250,000 debt.

The award, the largest of its kind in California, was the second major setback this week for Mr William Millard, founder and primary owner of the company.

The same jury on Monday ruled that Mr Millard was obliged to honour the nine-year-old $250,000 note by surrendering 20 per cent of his stock in ComputerLand and 11 other companies to Micro/Vest, an investor group which bought the note.

A spokesman for Mr Millard said ComputerLand would appeal against the rulings. The company "has no plans to go public and no plans to change its leadership, its board or its number of directors." The rulings were not expected to have "any effect on the operation or stability of the company."

Micro/Vest lawyers have valued the stock it would receive under the ruling at $400m. The spokesman for Mr Millard has said, however, that the stock was worth perhaps only one-tenth as much. AP-DJ

ANR agrees to new Coastal bid

BY OUR FINANCIAL STAFF

COASTAL Corporation, the Houston energy group, yesterday announced a definitive agreement to take over American Natural Resources, its bigger Detroit-based rival, in a deal valuing ANR at $2.4bn.

The two companies had said on Wednesday night that they were engaged in serious negotiations involving a possible business combination, and the deal finally emerged yesterday.

The companies said Coastal's Colorado Interstate unit would raise its tender offer for all outstanding ANR common shares from $60 to $65. They added that Coastal had agreed the operation and assets of ANR's principle business lines, including pipelines, exploration and production, and coal would "continue substantially as at present."

Mr Arthur Seder Jr, ANR chairman, and Mr Oscar Wyatt Jr, Coastal chairman, said: "The agreement between ANR and Coastal reflects Coastal's confidence in ANR's management team."

Mr Seder said the deal came after negotiations in which Coastal "was able to share with us its plan" for combining the two companies without a significant disposal of ANR assets. The continuing company after the merger would be "highly leveraged."

The announcement comes less than a fortnight after Coastal announced a $60-a-share cash bid for ANR. This was rejected as inadequate and sparked a rash of legal actions.

Yesterday, ANR executives said the agreement provides that both parties will drop their litigation.

The combined companies will have assets of more than $7bn and revenues of more than $9bn a year. Mr Wyatt says the gas transmission systems of the two companies complement each other and would produce a pipeline system covering the central half of the U.S.

ANR is one of the biggest and most profitable interstate natural gas pipeline companies in the U.S. and has major interests in oil and gas exploration, other energy sources and trucking. With annual revenues of $3.5bn and 1984 net income of $196.1m, it has a very strong cash flow of over $500m a year. Its balance sheet is much stronger than that of Coastal, which has roughly twice as much debt as equity to support its assets of $3.2bn, some $0.6bn smaller than ANR's asset base.

NOTICE OF REDEMPTION

Southern California Edison Finance Company N.V.
U.S. $50,000,000
14% Guaranteed Debentures
Due 1987

[illegible]

Southern California Edison Finance Company N.V.
By Bankers Trust Company as Trustee

March 1, 1985

INTL. COMPANIES & FINANCE

Kodak to buy floppy disk maker

BY LOUISE KEHOE IN SAN FRANCISCO

EASTMAN Kodak of the U.S. has agreed to acquire California-based Verbatim, the largest maker of computer floppy disks for about $174m, or $7.55 per share, to expand its computer-related interests.

The company, best known as the world's largest producer of photographic products, will buy 4m Verbatim shares from its founder and chairman, Mr J. Reid Anderson, and have an option to purchase an additional 5.25m new shares directly from the company.

Verbatim posted net earnings of nearly $15m in fiscal 1984 on sales of about $170m. Recently, however, Verbatim has been hit by a general decline in computer disk sales and rapidly declining prices. The company made 25 per cent of its U.S. workforce redundant last month.

For the quarter ended December 28, Verbatim reported net losses of $3.8m compared with operating profits of $2.3m in the corresponding quarter of 1983.

The deal requires approval of government regulations and Verbatim's shareholders.

Kodak said it planned to operate Verbatim as a subsidiary reporting to its mass memory products division. Last October Kodak announced plans to expand its participation in the computer market and formed the mass memory products division to manufacture floppy disks and other computer products.

The company said it would continue to build manufacturing operations for the mass memory division in several locations. These plants would still be needed both to meet anticipated demand for diskettes as well as to produce other planned products such as optical disks.

Kodak said its offer to buy Verbatim shares at $7.55 each would be conditional on the tender of 40 per cent of the outstanding shares and would be for 49 per cent of the Verbatim common shares outstanding.

If 90 per cent or more shares are tendered it would buy all of them.

Deutsche Babcock pays dividend

BY PETER BRUCE IN BONN

DEUTSCHE BABCOCK, the West German power and engineering group, has resumed dividends to ordinary shareholders after two years without payment.

Herr Helmut Wiehn, Deutsche Babcock's chairman, said the company, more than 25 per cent owned by Iran, would pay DM 3 per ordinary share and DM 3.5 for the preference shares.

The group made a net profit of DM 28.1m ($8.4m) in the year ended September 1984, an increase of 20 per cent on the previous year. Turnover, however fell from DM 8.05bn to DM 7.01bn.

Although Deutsche Babcock said it would probably take another two years for the major losses of three years ago, in the Middle East, particularly Saudi Arabia, to be completely cleared, the resumption of an ordinary dividend appears to signal that the worst effects of these have been overcome.

Net bank debt, for instance, was cut last year by DM 209m to DM 61m and interest payments shrunk 43 per cent to DM 26m.

Despite these improvements, Herr Wiehn gave notice that Deutsche Babcock would have to deal again this year with shrinking sales. He said he expected incoming orders to fall to DM 5.3bn from DM 5.8bn. Turnover would drop from last year's DM 7.1bn to around DM 5.5bn, he said.

The group's power station division was experiencing little in the way of a revival.

● VAG LEASING, a VW unit, posted a satisfactory profit for 1984 as turnover rose 23 per cent to DM 1.32bn. In 1983 turnover rose 25.8 per cent to DM 748m.

Chairman of Iberia hands in resignation

By Tom Burns in Madrid

Iberia's sorry record, huge losses and labour disputes came to a head yesterday with the resignation of Sr Carlos Espinosa de Los *Monteros*, chairman, and the appointment of Sr Narcis Andreu, a former banker, to replace him.

The departure of Sr Espinosa de Los Monteros had been expected since late last year when Sr Luis Carlos Croissier, one of the foremost critics of Iberia's management, took over as chairman of INI, the Spanish state holding company which owns the airline.

Sr Andreu, aged 51, is a newcomer to the aviation world. He was formerly chairman of the Banco de Credito Local, a minor state bank. He will, like the outgoing Iberia chairman, also run the INI-owned domestic and charter Spanish airline, Aviaco.

For 1983, Iberia's losses rose to close on Pta 30bn ($162m), against a forecast Pta 9bn deficit, and the airline became a major drain on the financial resources of the state holding company.

There has been a marked improvement in the 1984 balance with losses reduced to Pta 17bn despite a bitter five-week strike by pilots at the start of the summer holiday season.

Labour disputes, particularly by pilots, have become a regular feature of Iberia's public image and there has been increasing criticism in Spain of the airline's services.

More importantly criticism has focused on Iberia's safety standards, and the controversy was fuelled last year after allegations of air control irregularities by Iberia on transatlantic routes.

Citibank sees German expansion

BY JONATHAN CARR IN FRANKFURT

CITIBANK, the U.S. banking group, sees good prospects, for further business expansion in West Germany, thanks not least to the capital market liberalisation.

Specifically, Citibank welcomes the *prospect* that it—along with other foreign banks in Germany—may soon be allowed to lead-manage foreign D-mark bond issues.

This emerged at a Press conference yesterday led by Mr John Reed, Citibank chairman, to mark 25 years of Citibank branches in Germany.

So far only German banks have had lead-management rights, but the Bundesbank is now pressing to relax this rule —and for other liberalisation steps. The change is felt likely to come in the course of this year.

Citibank executives made clear their German operation was already expanding fast—with total assets rising to DM 4.8bn ($1.4bn) in 1984 after DM 3.8bn in the previous year. Profits were also said to be up sharply but no details were given.

The bank has seven branches in Germany and plans to increase its network further—in Cologne among other cities. group, sees good prospects for dealings with U.S. subsidiaries and large West German clients, but is now aiming at medium-sized companies too.

Mr Reed firmly rejected the idea that slow economic growth in Europe—and structural problems often described as "Euro-sclerosis"—might cause his bank to give low priority to its European operations.

He stressed that while Citibank expected its fastest growth over the next decade to be in the U.S., a strong performance was expected in Europe too, and especially in Germany.

Bergen Bank reports record operating result

BY FAY GJESTER IN OSLO

BERGEN BANK, Norway's third largest commercial bank, reports record operating profits last year—NKr 535m ($55.7m), before loss write-offs, compared with NKr 410m in 1983.

Profitability was also sharply up, with earnings as a proportion of average total assets amounting to 1.81 per cent, compared with 1.71 per cent a year earlier. Earnings per share were slightly down, however, at NKr 40.40 (NKr 40.50).

Mr Egil Gade Grave, managing director, expects earnings per share to fall further this year, but will not put a figure on the likely decline because it will be affected by "too many factors outside the bank's control."

Bergen Bank announced over a month ago that it was increasing dividends to 14.5 per cent for 1984, from 13 per cent, and that it would offer a rights issue "some time towards the end of April" which would boost capital by NKr 178m to NKr 863m, with pament due by mid-June.

Profits on foreign currency trading jumped last year to NKr 130m, from NKr 84m in 1983. *Another profitable* activity, according to Mr Gade Grave, was share trading, both for the bank's own account and for its customers. This yielded a total of NKr 109m, compared with only NKr 57m. Interest earnings, on the other hand, were hit by official interest rate policy. Net interest income as a proportion of total assets fell to 3.24 per cent from 3.49 per cent.

Operating costs, in relation to total assets, fell to 3.26 per cent, from 3.42 per cent in 1983.

Bergen Bank has decided to exercise its option to buy stakes of 20 per cent each in the West German and U.S. subsidiaries of Skandinaviska Enskilda Banken, the Swedish bank with which it is linked, through the recently established Scandinavian Banking Partners.

Danish shipping group reduces losses

By Hilary Barnes in Copenhagen

DFDS, the Danish shipping group which last year staved off a financial collapse, reports reduced losses for 1984 and says the current year is expected to produce continued recovery.

Losses emerge at DKr 272m ($22.7m), down from DKr 322m in 1983. After profits of DKr 185m on ship disposals, and reduced tax, the net loss for last year is reduced to DKr 87m.

The group, which specialises in passenger and freight traffic in the North Sea, says the improvement was brought about by better operating earnings, reduced financial costs and the sale of five ships, which netted DKr 185m.

A further improvement is expected in 1985, although there will still be a loss. Operating results will continue to recover, and there will be more fleet disposals. Ship sales for 1985 may net DKr 85m.

Swissair lifts profit and holds payout

By John Wicks in Zurich

Swissair reports modestly higher profits for 1984 and says earnings are likely to be broadly maintained during *the current* year.

The Swiss national airline has merged from 1984 with net profits of SwFr 60.7m ($21.3m), an increase of 8 per cent over the SwFr 56.3m of 1983. It plans to pay an unchanged dividend of SwFr 35 a share.

The improved earnings result from an increase in total revenue of 8.6 per cent to SwFr 4.61bn. Gross earnings rose by 8 per cent to SwFr 358.7m.

Flight operations returned to profit, having run at a loss since 1979. Passenger traffic was at about the same volume as in the previous year—though more profitable—while Swissair reports a boom in freight and postal traffic.

Mr Robert Staubli, management chairman, said the airline was optimistic about 1985. In the first two months figures had run at budgeted levels, he said.

This year is to be one of consolidation for Swissair, *said Mr Staubli*, with no change in the size of the fleet. Total services offered would expand by only some 1.5 per cent.

Wessanen 30% ahead

By Laura Raun in Amsterdam

WESSANEN, the Dutch food-processing group, has increased net income by 30 per cent to Fl 48.1m ($12.7m) for 1984.

The increase, which was slightly above the company's forecast of last autumn, has prompted an increase in the dividend to Fl 6.80 a share from *Fl 6.20.*

Sales rose 15 per cent to Fl 4.14bn. Around two-thirds of turnover derives from the U.S., where the robust economic recovery and strong dollar bolstered the figures.

Net income per share grew to Fl 16.70 *from Fl 15.39 taking* into account a 10 per cent increase in capital. Wessanen privately placed 261,000 shares in London last November.

INTERNATIONAL COMPANIES and FINANCE

Why Holmes à Court is aiming at Asarco

BY MICHAEL THOMPSON-NOEL IN SYDNEY

ACCORDING TO reports from New York, Mr Robert Holmes à Court's emergence as an 9.9 per cent shareholder in Asarco, the troubled U.S. mining concern, has baffled Wall Street. The Australian entrepreneur is relatively unkonwn in the U.S.

One Wall Street broker said his clients wanted to know who this "character" was. Another U.S. broker wondered why Mr Holmes à Court had so many surnames!

However, in the view of at least one top Australian energy analyst, Dr Ian Story, a director of share broker Meares and Philips, Mr Holmes à Court's Bell Resources is poised to raise ias holding in Asarco when the obligatory 30-day waiting period expires on March 30.

At which point, says Dr Story, the Perth-businessman will level his guns on the real target: Asarco's 44 per cent shareholding in Queensland's MIM Holdings, owner of one of the world's lowest-cost copper mines.

Ultimately, Mr Holmes à Court would dispose of MIM's coal interests, while pocketing its copper-silver-lead-zinc mine, one of the world's largest producers of those metals.

Bell Resources is a 45 per cent owned fast-growing natural resources offshoot of Mr Holmes à Court's master company, Bell Group. Since 1983, says Mr Holmes à Court, Australian resource projects have been under-valued.

Right or wrong, Bell Resources has picked up a clutch of key investments, including a 1.38 per cent royalty over Australia's Bass Strait oil production, a 100 per cent stake in two major Queensland coal consortia, and a significant holding in Broken Hill Proprietary (BHP—Australia's largest company). The company is emerging as a significant force on the world's resources stage.

Dr Story is Australia's most noted Holmes à Court watcher. In his view, Mr Holmes à Court is keen to add MIM's metal deposits in North West Queensland to a portfolio that already involves direct interests in Australia's leading resource properties—Bass Strait and Utah Coal Associates.

Weeks Petroleum (WP), Bell Resources subsidiary, currently

Bell Group, master company of Mr Robert Holmes à Court, yesterday announced interim net profits of A$26.85m (U.S.$18.3m), compared with A$15.03 previously. Turnover was A$286m, up from A$238m fo rthe six months to December. Most of the increase arises from a adoption of equity accounting for subsidiaries.

In addition an extraordinary gain of A$34.31 was recorded, arising from its share in gains made by Bell Resources from the disposal of assets.

Exchange rate movements increased foreign exchange liabilities by A$7m, which has been debited from foreign exchange reserves. No revaluation of assets held in foreign currencies has been made.

holds 2.834m Asarco shares. After the 30-day waiting period WP could increase its stake to 15 per cent, or 4.725m share. Any additional buying will be undertaken by Bell Resources.

Asarco, which is taking legal action to try to block Mr Holmes à Court, has 31.5m shares currently on issue. At an average buying price of US$27 per share, 40 per cent of Asarco—which might be enough to win control—would cost about US$340m.

"The principal benefit of the Asarco takeover would be achieved when the 44 per cent interest in MIM is sold from Asarco into Bell Resources. We believe that a premium of 30 per cent over existing market value would be necessary in order to satisfy U.S. minority shareholders.

"Total market value of the MIM parcel of 221.1m shares is U.S.$402m. The 30 per cent premium necessary for the transfer of MIM comes to an additional U.S.$120m. The total cost of the purchase to Bell Resources/WP is therefore U.S.$522m, or A$746m."

On Dr Story's calculations, cash received by Asarco from the MIM sale would be almost enough to retire virtually all Asarco's debt of U.S.$541m. Bell Resources should then be able to realise U.S.$466m by selling 40 per cent of Asarco back to U.S. interestors at about U.S.$37.02 per share.

The net effect of all this is that Bell Resources wins control of MIM at A$2.56 per share—far lower than the price it would pay if buying MIM shares openly in Australia.

Dr Story sums it up like this: "At market prices, all of Asarco is worth about U.S.$745m. For control, Mr Holmes à Court would need to spend U.S.$375m, or an additional U.S.300m. If 44 per cent of MIM gives Mr Holmes à Court effective control, then a U.S.$375m investment in Asarco gives Mr Holmes à Court control of a total of U.S.$1.7bn worth of mining companies.

Whether he wants it is not quite clear—otherwise everyone would be as rich as Mr Robert Holmes à Court. Yet in Australia, the belief is growing that Perth's "lone raider" will indeed go for control of Asarco.

Maiden result from Brother Industries

By Our Financial Staff

BROTHE INDUSTRIES, the Japanese electronic typewriter and sewing machines group, has posted a Y11.56bn or Y45.38 a share net income for the year ended November 20. Comparisons with previous year levels are not available as Brother has revealed consolidated results for the first time.

Profit, before taxes and extraordinary items, totalled Y11.56bn, while consolidated sales amounted to Y188.92bn.

On a consolidated basis, exports totalled Y116bn, or 61.4 per cent of overall sales, while domestic sales amounted to Y72.91bn.

Sales of office machines, accounting for 47.3 per cent of the company's total sales, came to Y89.39bn, while those of sewing machines amounted to Y51.93bn or 27.5 per cent of overall sales.

Japanese set up bond rating agency

TOKYO — A number of Japanese banks and research institutions of major Japanese securities houses are to set up a bond rating agency on April 25 to help further liberalise the capital market.

The new company Nippon Investors Service, is to be capitalised at around Y5.8bn and will replace the present issuer standard with its own rating system and provide more information to investors.

The standard is currently set by underwriters through consultations with the Finance Ministry. Reuter

Hongkong Land to raise HK$750m on return to black

BY DAVID DODWELL IN HONG KONG

HONGKONG LAND, the Territory's leading property group, yesterday reported a return to profitability in 1984 after two years of substantial losses.

The group also unveiled plans for a preference share issue intended to raise HK$750m (US$96.2m). Such a call on shareholders would have been impossible a year ago, and is a measure of the progress made in reducing debts which peaked in December 1984 at HK$14.8bn. It has been underwritten by merchant banks Jardine Fleming and Wardley.

Profit attributable to shareholders amounted to HK$50m, after extraordinary losses of HK$304m. This is a modest profit on a turnover of HK$10.24bn, but compares with an attributable loss in 1983 of HK$1.28bn.

Mr David Davies, the group's managing director, insisted that the fire-fighting period, during which the group's survival was in doubt, is over. He said debts are now at a manageable level, with cash flow covering both capital and operating costs, and are no longer the main focus of management attention. He outlined initiatives planned for 1985 in all three of the group's main operating areas.

The preference share offer, of one share for every 10 currently held at HK$5.10 per share, was signalled by Mr Davies as one of two watershed developments indicating that the group was no longer in a parlou state. Recently Land sold its 34.1 per cent holding in the Hong Kong Electric for HK$2.9bn. Mr Simon Keswick, group chairman, has described this as a "major step in the financial regeneration of the company," reducing group debt by 20 per cent "at a stroke."

Raising funds by means of an offering to shareholders would have been out of the question even six months ago, both because the local stock market was plagued by political uncertainty ahead of the Sino-British agreement on Hong Kong's future after 1997, and because Land's plight was seen to be so uncertain.

"Shareholders have had to live with a very difficult situation for a couple of years," Mr Dacies said. "It was important to offer them paper that rewards their loyalty." As a result, the preference offer guarantees dividends of 34 cents a share, compared with the nominal 1 cent per share being paid on existing shares. Shareholders can pay in two tranches, at the end of May and then in December. They also receive a warrant for every preferred share taken up, redeemable at HK$5.10 at any time up to December 1991.

For the group, it provides funds at a cost equivalent to an interest rate of 6.67 per cent, compared with average interest cost last year of 11.7 per cent.

APPOINTMENTS

Managing director for Littlewoods Chain Stores

Mr Arthur Henn has been appointed managing director of LITTLEWOODS CHAIN STORES. He leaves the Greater Midland Co-operative Society where he was chief executive. He was previously managing director of Savacentre and formerly operations director of Fine Fare. Mr Prodip Guha, Littlewood's group marketing director, has been appointed acting managing director—chain store division, until Mr Henn takes up his post.

★

Mr Nicholas Hollamby has joined ASTRA GAMES as a director and general manager.

★

Mr Trevor Slater has been appointed managing director of TILBURY HOMES (previously Tilbury Developments) and a director of Tilbury Developments (previously Tilbury Estates). He also is managing director of a new company, Tilbury Homes (Scotland). Mr George Gibney has been appointed local director of Tilbury Homes (Scotland). Mr Robert Drinkwater has been appointed assistant managing director of Tilbury Plant.

★

Following the acquisition of Laws Stores, WM LOW & CO has restructured its board. Mr Philip Bettie, chairman, has agreed to stand down. He is succeeded by Professor Christopher Blake, a non-executive director. Professor Blake holds the Bonar Chair of Applied Economics in Dundee University, and is a director of the Alliance and Second Alliance Trusts. Mr Ian Stewart continues as deputy chairman. Mr Ramsay Johnson, an experoenced property manager in Scotland, is to join as an executive director to assume responsibility for property acquistions.

★

C.J.W. (UNDERWRITING AGENCIES) has appointed Mr P. J. Maitland as chairman, Mr J. Smaje, Mr J. R. S. Wace and Mr J. B. Hume as directors, and Mr J. H. Hunt as a director and deputy underwriter. Mr C. J. Warrilow remains as a director and underwriter of Syndicate 553.

★

MY DART has appointed Mr Peter H. Ryan as a non-executive director.

★

The KENNING MOTOR GROUP has appointed Mr Daman Raj Singh as division director, management services.

★

GREIG FESTER GROUP has appointed the following as divisional directors of Greig Fester: Mr G. A. Hoorda, Mr R. H. Midleton, and Mr P. E. F. Watson; and as associate directors: Mr R. G. Phillips and Mr A. P. Tilley.

★

Mr William H. Hyman and Mr Jon S. Kimmel, president and vice president respectively of American Boarts Crushing Co Inc, and Mr Bryan M. Zurel is director (Africa) of Industrial Diamond Co, have been appointed to the boar of INDUSTRIAL DIAMOND CO, London.

★

At SOUND RESEARCH LABORATORIES Mr Peter Hobbs becomes deputy managing director, moving from the company's London office to the new position in Colchester. The second member of the staff appointed to the board is Mr Doug Sharps.

★

The NFU MUTUAL AND AVON INSURANCE GROUP has appointed Mr Colin Redman as assistant general manager with responsibility for the group's life operation. Mr Redman, who is currently general manager and actuary with Zurich Life, will be joining NFU Mutual on April 1.

UK COMPANY NEWS

U.S. operations boost Rowntree to £75m

ALL-ROUND growth, with a particularly strong performance in North America, has been achieved by the Rowntree Mackintosh confectionery and foods group in 1984.

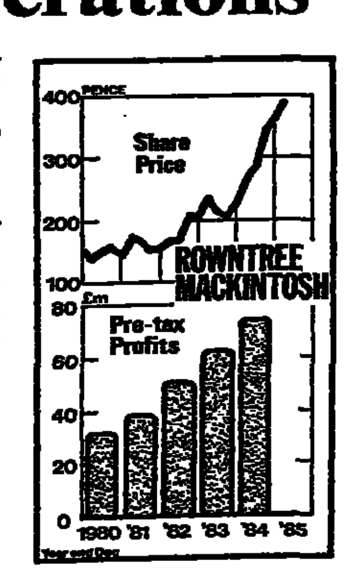
Profit before tax rose by 22 per cent, from £61.2m to £74.5m, and the final dividend is 7.4p to give shareholders 11p net for the year, compared with 9.75p. Both profits and dividends are up to the stock markets expectations.

Other highlights in the year show that one-fifth of profits came from snacks and groceries (one-third from North America); a record amount was spent on capital investment, all financed from cash flow; the balance sheet is still strong; the return on shareholders' funds moved up 1 per cent to 13.8 per cent; and the return on assets is improving.

These show, says the chairman Mr Kenneth Dixon, that the year was one more firm step along the "competitive but rewarding road" of combining continued growth with progressive improvement in the return on funds invested in the business.

A group reorganisation has been implemented in view of the radically changed geographical spread and operational diversity of the present businesses, and the intention to make further acquisitions. Operating units are now grouped into four geographical regions—UK and Republic of Ireland, North America, Europe and International.

In the year overall sales advanced from £952m to £1.16bn and the chairman points out the



increasingly important part that acquisitions are playing in the group's growth — of the sales, £276m are from companies that have joined the group since the beginning of 1982.

They have radically changed the geographical balance and the product mix. The proportion of trading profits (up from £73.4m to £93.8m in the year) arising outside the UK has risen since 1980 from 35 per cent to 59 per cent, of which over half is generated in North America.

Each of the three major businesses, Sooner Foods, Laura Secord, and Tom's Foods, has added to the growing Sun-Pat ings to the group, as well as expertise and benefits of new markets. Sooner and Tom's have adde to the growing Sun-Pat business to increase the non-confectionery part of group sales to 20 per cent. The Original Cookie Company, which was purchased last month, will add another 3 per cent.

A split of the sales and trading profit shows UK £469.8m (£443.6m) and £38.9m (£36m); Europe £227.4m (£198.2m) and £4.7m (£3.2m); North America £306.7m (£175m) and £31.5m (£16.8m); Australasia £58m (£48.2m) and £1.8m (£0.5m); rest of world £92.6m (£86.9m) and £16.9m (same).

The UK confectionery division sustained its volume in 1984 despite a small decline in market share (Kit Kat sales averaged 24m bars per week); developments aimed at reducing costs have continued and the pace accelerated. Sooner Foods achieved volume growth of 13 per cent and high profitability; sales growth in savoury snacks reflected a significant increase in market share. Sun-Pat made further gains all-round.

In the European division, Holland and Belgium showed strong sales improvement. French sales fell back but profits increased, while the German company showed signs of recovery and Italy produced sharply higher profits.

The U.S. businesses—Tom's Foods and Rowntree DeMet's—exceeded budget, and royalties from Hershey rose substantially.

Mr Kenneth Dixon . . . 24m Kit Kat bars sold per week

Both of the companies operating in Canada increased their sales volumes and trading profits against intense competition.

On the accounts, Mr Dixon says that for the first time, sales and profits of overseas subsidiaries have been translated into sterling at average exchange rates. But for this change the pre-tax profit would have been £77.7m. Also, leased assets have been capitalised for the first time, adding £100,000 to the profit (reduction £200,000).

Interest charges this time were up to £19.3m (£12.2m) and, after tax £16.5m (£14.9m), the net profit comes out at £58m (£46.3m) for earnings of 36p (30.9p) per share. There are rationalisation costs of £11.5m (£13.5m).

£ By the end of the year there was an £11.5m increase in net group borrowings, against £131.7m a year earlier. Total funds generated were nearly £120.m (£131m). Capital expenditure was up to £60m (£56m) but there was only £3.3m attributable to acquisition costs this year, compared with £157m in 1983.

● comment

Rowntree Mackintosh must be enjoying the sweet taste of success after presenting, for the fifth year in a row, profits up by over 20 per cent. In fact, the pre-tax turnout of £74.5m for 1984 would have been £3m higher but for a sensible change in accounting policy, taking average rather than year-end exchange rates. Sterling's weakness has not been unhelpful, particularly in North America, where trading profit nearly doubled last year to around a third of the group total. Rowntree now earns 59 per cent of its trading profit outside the UK and the 1984 breakdown shows the company increasing its international exposure. This year's results will be given a £3m boost from the Original Cookies acquisition, and barring a dollar collapse, currency factors will be a great help. Assuming pre-tax profits of £85m, the shares, at 392p, stand on a fully-justified p/e of around 10.

Trafalgar reveals 5.5% stake in Davy

By Martin Dickson

Trafalgar House, the industrial and services conglomerate, yesterday revealed it had built up a 5.5 per cent stake in Davy Corporation, the large engineering and construction group. It said this was purely a "trade investment" and it had no plans to bid for Davy.

In a separate development Trafalgar yesterday launched an attack on what it called the "declining financial performance and strategic errors" of Haden, the mechanical and electrical engineering company for which it is making a contested £37m takeover bid.

The group also announced that its subsidiary, Cementation Construction, had bought Dowsett Engineering Construction from the Bison Group for £2m.

Trafalgar said it had held a 4.99 per cent stake in Davy for some time but it had bought a parcel of shares at the end of last week, carrying it over the 5 per cent trigger point for public disclosure.

Mr Peter Benson, Davy's chairman, said Trafalgar began buying about six months ago and had kept the company fully informed. He had no reason to think Trafalgar would bid.

The two companies have recently established a joint venture, Trafalgar Davy Offshore, and work together on various construction projects.

Davy shares rose on the news to close at 120p, up 10p on the day. Trafalgar's closed at 354p, up 2p.

In its offer document for Haden, Trafalgar said its 240p per share bid "fully values" the company, representing a 60 per cent premium over net asset value last June and a multiple of 17 times Haden earnings in the 12 months to June 1984. Haden shares closed last night at 295p, down 12p on the day.

Haden's financial performance in recent years had been poor and Trafalgar expected the results for the full 1984 year to show a significant decline in operating profits over 1983, reflecting a continuing deterioration in operating margins.

The document maintained that a combination of Haden's business with Trafalgar's financial strength and established presence in the world's major contracting markets would considerably enhance the growth potential of Haden's business.

Trafalgar added that Haden would have a particular opportunity to establish a much greater presence in the market for North Sea oil industry equipment, and it accused Haden of not recognising the opportunities in this area.

Mr Philip Ling, Haden's managing director, hit back last night, saying the Trafalgar offer was "totally unacceptable," and took no account of Haden's recovery, which was proceeding "extremely well."

Booker shares jump 12p as profits show 47% lift to £37m

BY ALEXANDER NICOLL

Booker McConnell, the agribusiness and food distribution group, argued yesterday that Dee Corporation's £329m equity offer would provide shareholders with a 20 per cent reduction in income and would also dilute earnings per share.

Booker's formal defence document in face of the supermarket group's bid, contained unaudited 1984 figures showing a 47 per cent increase in pre-tax profits to £36.8m, with earnings per share of 19.27p compared with 12.08p—a 60 per cent rise. Pre-tax profits from continuing operations were estimated to be up 118 per cent at £35.3m.

Booker's share price jumped 12p to 260p after the document was published, while Dee's gained 4p to 208p, putting the value of its equity offer at 260p per Booker share.

Booker plans to lift its final dividend to 6.25p, making a total of 9p for 1984 — 109 per cent up on the previous year. "The 1984 results represent a springboard for further major advances in profit and dividends," said Mr Michael Caine, Booker chairman.

Dee Corporation, headed by Mr Alec Monk, said the Booker defence failed to answer questions raised in its own offer document about Booker's management record and ability to sustain an improved performance. Booker also failed to take account of the incremental profits which would be achieved by putting together Dee's and Booker's businesses, Dee said.

Booker argued that its three core businesses had outstanding growth prospects. Agribusinesses, which contributed £16.3m of 1984 profits, against £7.9m in 1983, has been improved by an increase in the group's holding in Ibec of the U.S. from 45 per cent to 80 per cent in April 1983 and to 90 per cent late last year.

Answering Dee charges, Booker said profit of the U.S. agribusiness subsidiary grew 71 per cent in dollar terms, and that exports were growing despite the dollar's strength. Mr Jonathan Taylor, Booker managing director, also defended the recent £17.3m purchase of Agrisert, seed breeder and maker of seeding equipment, saying that both sides of the business were doing well.

In health products, where Booker's U.S. business had been making losses, Booker said the integration of American Health Products with the recently-acquired Radiance Vitamins has produced a profitable business which provides "a major recovery opportunity." Health products produced £3.5m of 1984 profits, against £3.2m in 1983.

In food distribution, which was the main focus of the Monopolies Commission's study of a potential merger, Booker said a radical restructuring had boosted profit from continuing businesses from £2.3m in 1983 to £9.8m last year.

Cash and carry and delivered trade operations have both been streamlined, and the Budgen/Bishops retailing business is on the way to a 3.5 per cent margin target, Booker said.

Booker questioned the accounting policies used by Dee in reaching its estimate of doubled profits for the year ending April 27, 1985. Dee included International Stores, acquired in December 1984, as though it was owned for the full year, but did not adjust previous year figures accordingly. Use of "generally accepted accounting practice" would reduce Dee's rate of profit increase, Booker said.

Booker, answering Dee's argument that integration would benefit the two companies, said only one of Booker's activities—food distribution—had a counterpart at Dee, and that this contributed 27 per cent of Booker's profits. It said Dee had no experience in agribusiness or health products, and that "their track record in the management of food wholesaling is poor."

The first closing date for the Dee bid is March 29. Its offer can only be increased in circumstances deemed by the Takeover Panel to be exceptional, because Dee has already reduced its stake in Booker from 20 to 16 per cent and has said it may sell more shares.

See Lex

W & R Jacob accelerates to make I£0.52m

Irish biscuit maker and dried fruit packer and distributor W. and R. Jacob has increased its profit from I£404,000 to I£521,000 in 1984, on sales nearly £3m ahead at £54.62m. The dividend is again 6p, the final being 4p.

A large part of the business is in the Republic so prospects for the current year are "very dependent" on the progress of the Irish economy, the directors state.

Provided Jacob's own cost competitiveness is not further eroded, through currency movement or otherwise, they say the year should offer an opportunity for some return to growth in the home market, and the group has made an improved start to trading.

At the start of 1984 the group found trading difficult, but this improved as it achieved a more economic balance between production capacity and the diminished size of its market. Total home market for its products has not recovered from the impact of VAT increases

Sedgwick sees signs of change

HIGHER interest payments and £7 2m exceptional costs contributed to a reduction in pretax profits of the Sedgwick Group, international insurance and reinsurance broker, from £80.11m to £78.33m for 1984.

Total revenue, including interest and investment income, amounted to a higher £247.16m (£207.07m). Profit on ordinary activities before the exceptional charge and taxation increased from £80.11m to £85.52m. In difficult trading conditions "this is a sound performance," says Mr Carel Mosselmans, group chairman, who adds that in today's insurance markets the group's prospects are "promising."

Interest payments took a considerably higher £5.66m (£1.33m), and the exceptional charge, of £7.19m, which was incurred in resolving matters arising from "the unsatsfactory underwriting outcome of certain business handled in earlier years by group companies" affected the results. But, says Mr Mosselmans, this does not detract from the underlying growth in operating profits.

The final dividend is being stepped up from 5.25p to 7p, bringing the year's total to 10p, a 25 per cent increase

Net earnings per 10p share were stated higher at 22.8p (18.5p), following a reduced tax charge of £27.78m (£39.44m).

Mr Mosselmans states that there are now real signs that a change is taking place in the insurance markets in which the group operates. The increases in reinsurance premium rates, which became evident towards the end of 1983, gathered momentum during the renewal season at the end of 1984,

● comment

On the face of it these preliminary figures from Sedgwick—profits are at least £6m off most expectations—are just one more in a long line of less-than-satisfactory results, a reflection of the soft market that has plagued the insurance sector for a good decade. This time there is also an additional £3m burden from the move to new London headquarters and the policy of hedging currency and an unexpectedly hefty provision for bad and doubtful debts sent expenses soaring by more than a fifth. This, and the totally unexpected £7.2m exceptional claims, makes glum reading but in fact becomes somewhat academic given the tell-tale signs that a broadly based recovery in the market is now underway. The 25 per cent increase in the dividend can only be interpretted as a clear demonstration of confidence in 1985. The time of year has passed when many policies have been renewed, so the directors have certain knowledge that the market is bearing increased premiums. Across the board reinsurance rates could well be running 20 per cent higher; hence the sense of optimism in the statement, which could translate into a potential £110m this year. After tax of around 38 per cent the 385p shares are selling on a prospective p/e of just 12—not at all demanding although the lack of a U.S. partner to service all the space North American business obviously inhibits.

Rank still expects profit rise

By Lionel Barber

Rank Organisation says its current trading results are ahead of last year, when leisure and entertainment group reported pre-tax profits of £103.3m.

Sir Patrick Meaney, chairman, told yesterday's annual general meeting in London that the expectation of a rise in the profitability of associated companies still appeared to be soundly based.

"We intend to be properly prudent as well as enterprisingly expansionist," he said, adding that acquisitions may play a part in future growth but there were no plans to issue additional equity.

Rank's new management, led by Mr Michael Gifford, chief executive, has sold £200m worth of assets, mainly property, over the past 15 months. The disposals cut net borrowings by £95m to £146m last year,

There has been speculation in the market that Rank is about to sell its 30 per cent stake in its American associate, Telecom Plus International. Sir Patrick conceded it had not performed well last year. "We have this investment under the review microscope."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Appleyard Group	3	May 17	Nil	3	Nil
Camellia Invests.	6	—	5	10	9
Cattle's	0.9	—	0.83*	1.5	1.41
T. Clarke	1.61	May 8	1.42	2.31	2.12
Coin Industries ......int	1.1	April 23	1.1	—	3.3
W. & R. Jacob	4	—	4	6	6
J. Jarvis ......int	7.2	—	7.2	—	17.5
Mucklow Group ......int	2.25	July 1	2.1	—	4.73
Needlers	5	May 3	4.2	5	4.2
Renishaw ......int	0.6	April 29	0.5	—	1.5
Rowntree Mackintosh	7.4	—	6.56	11	9.75
Royal Dutch Pet¶	6.75	—	5.40	10.60	8.85
Sedgwick Group	7	—	5.25	10	8
Sharpe & Fisher	1.64	May 31	1.49*	2.25	2*
"Shell" Transport	21.1	May 28	15.9	33	26.2
Strong & Fisher ......int	2.5	—	Nil	—	4
TI Group	5	—	7.5	10	10
Transport Dev†	4	May 10	3.5	5.6	5
W. & J. Tod‡ ......int	1.1	May 7	—	—	1

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶|| In Dutch florins.

UK COMPANY NEWS

Mucklow expects £5.1m profit

FOR THE current year ending June 30 1985, the A. & J. Mucklow Group of industrial property investors and developers is looking for profits of some £5.1m. This would compare with £4.92m achieved in the previous year.

Chairman Mr Albert Mucklow says, subject to the recent steep rise in interest rates being only temporary, conditions are continuing to improve, and this reinforces his confidence in the future.

In the first six months to December 31 1984 the group turned in a profit before tax up from £2.3m to £2.56m, and the second half is expected to produce a similar figure, the chairman says. Gross rentals were £3.41m (£3.28m) and net rentals £3.1m (£2.97m), while turnover came to £897,000 (£1.73m) and trading profit to £90,000 (£139,000).

The reduction in turnover and trading profit reflects the reduced scale of house-building, following the major disposal of land in order to reduce the scale of this activity. Future opportunities will be taken to carry out profitable developments as they arise.

A further improvement in the industrial property market was experienced. The group completed construction on the Bull Ring (Birmingham) estate where two thirds of the space is occupied;

After tax £807,000 (£597,000) the first half's net earnings were 3.33p (3.24p) per share and the interim dividend is lifted to 2.25p (2.1p). Total for 1983-84 was 4.725p.

Shorrock full listing

Shorrock, a Blackburn-based security equipment company, is to be floated on the Stock Exchange later this month with a market capitalisation of about £20m.

Lloyds Bank International is seeking a full listing for the company through an offer for sale which will be advertised on March 25.

The company designs, makes, installs and maintains electronic security systems for customers who include government and defence establishments, companies and private householders.

Shorrock last year made pre-tax profits of £1.6m on turnover of £12.9m.

Storage gives TDG a lift to £24m

A STRONG second six months, "excellent" profits from the cold storage operations and some recovery by the reinforcement businesses enabled Transport Development Group to lift its 1984 pre-tax profits from £20.98m to a record £24.06m.

There were two major acquisitions, but their timing meant that they added little to the overall picture.

A final dividend of 4p (3.5p) raises the net total from 5p to 5.6p.

Turnover advanced by £67m to £434.65m and operating profits by £5.18m to £31.53m—the group has interests in road haulage, storage, plant hire and steel reinforcement and exhibitions.

Although road haulage earnings improved, the impact of the new express freight service, (Independent Express Corporation), on hte results was marked while it is within a reasonable prospect of moving from loss to profit, establishment of the service in 1984 led to a charge against profits of £1.95m.

The group's overall growth came from reorganisation and investment of recent years. In 1984 capital expenditure amounted to £47m, a rise of 44 per cent on the previous year.

Shareholders are told that the groundwork of 1984 will benefit the results of 1985. The year is expected to be good, particularly in the second half.

During 1984 net interest charges rose from £5.37m to £7.47m and tax accounted for £1.86m more at £9.08m. First half pre-tax profits were restated, using end-December exchange rates.

● comment

A tug and barge company on the Thames when it floated in 1950, TDG today combines 140 subsidiaries spanning the UK, USA, Europe and Australia. Making profits on a global scale in the customer-first transport service industry is primarily a result of TDG's decentralised management policy, that allows the director of each subsidiary maximum decision-making authority but imposes strict reporting deadlines. Of course, the recovery of Reinforcement and Exhibition helped, particularly in North America, that came back in black following plant closures in Canada and the arrival of summer, after an £820,000 interim loss. Cold Storage chipped in with £1.476m more from the UK and £1.108m more from the USA. The City expects TDG to quickly heal the only scar on its satisfactory result, a £1.95m loss from its new express freight service. But the profit and loss account is shadowed by a £74m debt, even though the interest charge is covered more than four times. Capital expenditure peaked at £47m, mainly in vehicles, plant and property plus £1.5m worth of IBM computers. However, TDG could well nudge £30m pre-tax this year and there is little reason to expect a rights issue—TDG hasn't made one since 1961. Consolidation is the theme for 1985. TDG shares rose 4½p to 124½p where the p/e is over 11.

Jarvis in loss

Building and civil engineering contractor J. Jarvis & Sons has suffered a setback in the half year ended September 30, 1984, with a turnround from a profit of £210,000 to a loss of £207,000. Turnover was ahead from £8.1m to £8.95m.

The interim dividend is held at 7.2p net per share.

TI hit by accelerating losses at Raleigh

THE TI Group's recovery trend has suffered a setback as it reveals that losses at Raleigh and in three other areas more than doubled from £7m to £16m in 1984.

However, the majority of businesses performed satisfactorily and increased their trading profits by £15m to almost £55m.

TI is a diverse engineering group with core businesses engaged in consumer durables, a range of specialised engineering products, automotive components and specialised industrial products.

At the pre-tax level profits amounted to £19m (£16.3m). At six months they showed a rise of £6.2m at £12.4m.

The four loss-makers were Raleigh, Cold Drawn Tubes, machine tools and the gas cylinders plant in the U.S. They took up rather more than a fifth of TI's capital employed, with Raleigh accounting for over half of this.

Mr Ronnie Utiger, the chairman, tells shareholders that urgent action is being taken regarding the loss-makers and adds that unless profitability can be achieved within a limited period further action will be taken to eliminate the losses.

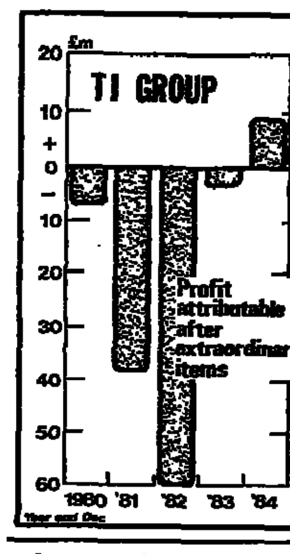
The biggest deterioration was at Raleigh where failure to achieve production and cost reduction targets, together with disappointing sales of BMX bikes in the Christmas season, caused increased losses

However, production here is now adequate to meet demand, and wage and salary costs have been reduced by 20 per cent since October. The directors have approved a business plan prepared by the new management which details specific action to bring Raleigh into profit in 1986. Only half the original capital programme has been committed and the remainder has been suspended for re-examination.

In the cases of Cold Dawn Tubes and the U.S. cylinder business, there was an unexpected market weakness.

The group intends temporarily to transfer production of gas cylinders for the U.S. market to the UK Chesterfield plant and use the U.S. plant for finishing operations to customer specification. This will enable TI to maintain its U.S. market position.

Mr Utiger concludes that over the next two years there is significant scope for loss elimination in the four problem businesses and for improving profits in a number of the core businesses where performance is still below average.



Mr Ronnie Utiger . . . dealing with loss-makers urgently

In the longer term, he says, profits growth will depend on the speed with which the group can develop and add to the successful lead businesses and its ability to improve still further the performance of the mature core businesses.

The directors have a "major programme for action under way and a clear set of objectives for the longer term."

The dividend for 1984 is maintained at 10p net by a final of 5p.

Group turnover pushed ahead from £914.3m to £971.2m, but trading profits showed only a rise of £6m at £38.6m.

Tax accounted for £5.6m (£4.5m) and minorities for £0.2m (£0.8m), to leave the earnings at £13.2m (£11m), equal to 22.2p (18.5p) per £1 share.

Extraordinary debits weer cut from £14.1m to £4.3m.

A divisional breakdown of turnover and trading profits shows: domestic appliances £258.1m (£254.1m) and £22.1m (£22.7m), cycles and toys £162m (same) and £4.5m loss (£2.5m loss), specialised engineering £336.2m (£290.5m) and £15.8m (£13.3m), steel tube £212.9m (£205.6m) and £8.3m (£1.1m loss) and parent and other £2m (£2.1m) and £3.1m (£4.8m loss), including £1.7m (£2.9m) for redundancies in continuing businesses.

Over the last four years TI has borne very large costs for redundancies and closures. Mr Utiger says it was possible to fund this and maintain a reasonable level of capital expenditure by major improvement in working capital ratios.

He adds that apart from profit retention the funds for future expansion in the group's priority businesses will have to be created by further improvement in working capital, by clear priorities for capital expenditure and by disposal of businesses which do not fit the long-term objective.

After dipping to 218p at one stage TI shares closed yesterday at 240p, a rise of 20p on the day.

See Lex

Tony Jackson takes a look at TI's plans for its loss-makers

Over the hill and peddling back to profitability

IT SEEMS a safe bet that 1984 was a year which TI would rather forget. The engineering group's figures for the year, announced yesterday, show a respectable increase in profits for the group overall. But the total conceals a number of serious problems, and some spectacular own goals.

In four areas—Raleigh Cycles, Cold Drawn Tubes, machine tools and U.S. gas cylinders—TI contrived last year to lose a total of £16m. The worst culprit by far was Raleigh, accounting for a good half of the losses as a result of the botched application of sophisticated computer techniques to a factory producing 1,300 different models of bicycle.

Raleigh's plan was ambitious. Production planning, stock control and a host of other assential functions were computerised, and the old labour intensive methods were discarded. What Raleigh failed to do was devote enough time and money to training its remaining staff to handle the new methods.

"The whole system ran into a considerable number of problems," says Mr Ronnie Utiger, TI's chairman. "We were told these were teething troubles, but even in early 1984 we found, for instance, that we were producing the wrong models for the market. In the second half of the year, we had to throw a lot of extra money at Raleigh to get the right models ready for Christmas.

The system, says Mr Utiger, is now under control, and costs are being severely pruned. Raleigh also has a new managing director, whose plans indicate that Raleigh should be breaking even by the end of this year, and moving into profit in 1986.

The next most serious loss-maker, the Cold Drawn Tubes business, could prove more difficult to tackle. The business is 25 per cent owned by British Steel, and there is a suspicion that TI is more keen to bite the bullet than its partner is. "We want to move very rapidly," says Mr Utiger. "If we left it as it stands, losses would be smaller this year—but we can't realistically see a profitable future for the business as presently constituted."

Of the third most serious culprit, machine tools, Mr Utiger says blunty: "The basic problem has been not the products, but the management." Changes have been made with a vengeance. The division has a new managing director—appointed in January—and will shortly have a new sales director and production director.

The fourth problem area, the U.S. gas cylinder business, has been tackled through the simple expedient of shutting it down. This is not necessarily a permanent measure, but product can be supplied to the U.S. from TI's UK factories until such time as the U.S. market turns up. The closure will be effective by the mid-year, and TI looks for "a seven-figure improvement" as a result.

The experiences of last year have evidently led to a toughening in TI's attitudes. "My rule of thumb," says Mr Utiger, "is that if a TI business is getting a 15 per cent return on capital, that's getting respectable. But it's not satisfactory until it gets to 20 per cent. We aim to get all our businesses to that level eventually."

And if not? "We have a fair bit of tightening up of management performance to do," says Mr Utiger.

It sounds as if the life of a TI manager could be an uneasy one for a little while to come.

Company Notices

UK COMPANY NEWS

Record £3.65bn from R. Dutch/Shell

ALTHOUGH THE final quarter showed a £70m reduction to £910m, full year 1984 net income of the Royal Dutch/Shell Group was well ahead at £3.65bn, compared with £2.75bn previously. On an estimated current cost of supplies basis, earnings for the year amounted to £3.37bn, against £2.89bn in 1983.

The board says the year's results are a record in sterling terms and are particularly satisfactory when viewed against the very competitive trading environment worldwide.

They reflect higher equity crude oil production and natural gas sales, a marked increase in chemicals earnings and the weakening of sterling against most major currencies, notably the U.S. dollar.

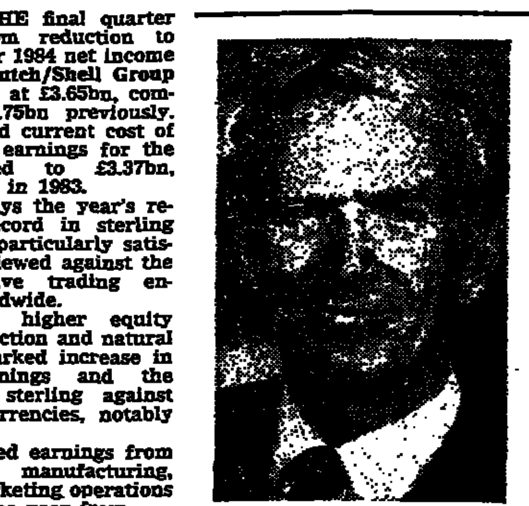
While reported earnings from oil and gas manufacturing, marine and marketing operations increased for the year from £710m to £823m, earnings on an estimated current cost of supplies basis declined, reflecting the impact on local currency supply costs of a strengthening U.S. dollar.

Shell Oil's dollar net income improved for the year with higher chemicals earnings a major factor. Both the year and the fourth quarter benefitted *from volume increases in re*fined product sales and in crude oil and natural gas production.

The contribution to group sterling net income for the year increased by £359m to £1.11bn, mainly reflecting the lower average sterling/dollar exchange rates and the higher group shareholding. The latter accounts for £249m of the increase, before providing towards amortization of the excess of the cost of the additional shares acquired over the book value of the minority interest.

"Shell" Transport is raising its final dividend to 21.1p (15.9p) net, giving a total of 33p for 1984—an increase of 26 per cent over the previous year's 26.2p.

As part of the arrangements between Royal Dutch Petroleum and "Shell" Transport, the company is entitled to receive supplementary cash dividend of 15 per cent of the cash amount of any dividend paid to it which forms part of its share in group income under the 60:40 arrangements in respect of the years 1977-84 inclusive.



Mr Peter Holmes, chairman-designate of "Shell"

STATEMENT OF INCOME	Fourth quarter 1984 £m	Fourth quarter 1983 £m	Full year 1984 £m	Full year 1983 £m...
Selling, gen. & admin.	1,241	1,044	4,350	3,847
Revenues				
Sales proceeds	20,498	16,690	73,611	62,094
Taxes and levies	2,757	2,308	10,264	8,956
Share of assocs.	226	220	940	747
Interest and other	184	158	658	556
Total	18,151	14,760	64,945	54,441
Costs and Expenses				
Purchases and oprtng.	12,888	10,264	46,283	38,763
Selling, gen. and admin.	1,241	1,044	4,350	3,847
Exploration	344	241	1,000	874
R and D	101	77	350	327
Depreciation	1,002	618	2,918	2,738
Exchange gains	45	69	166	123
Interest expense	221	165	702	622
Tax	1,460	1,319	5,666	4,776
To minorities	29	121	194	343
Total	17,241	13,780	61,297	51,687
Net income	910	980	3,648	2,754

Although the supplementary cash dividends received by the company cease after the last payment for 1984, the "Shell" Transport board says this should not be construed as indicating that the company's dividends for 1985 will be less than for last year.

"Shell" Transport's share in income of the Royal Dutch/Shell Group companies advanced from £1.06bn to £1.41bn. Earnings per 25p share were stated up from 98p to 127.51p and net assets per share came out at 924.22p, against 709.9p.

Royal Dutch Petroleum is paying a final dividend of Fl 6.75 making a 1984 total of Fl 10.60 (Fl 8.85) per share. The Royal Dutch share of group income rose from Fl 7.34bn to Fl 9.53bn or £2.24bn (£1.7bn). Earnings per Fl 10 share were shown at Fl 35.57 (Fl 27.39) and net assets at Fl 235.36 (Fl 195.32).

Group funds generated for 1984 amounted to £8.91bn compared with £7.65bn in 1983. Net working capital (excluding short-term debt, cash and short-term securities) declined over the year by £937m. The acquisition cost of additional shares in Shell Oil amounted to £3.24bn.

Capital expenditure and exploration expense for the year rose 18 per cent to £5.6bn, with substantially greater expenditure by Shell Oil in the U.S., primarily on oil and gas leases, more than offsetting declines elsewhere in manufacturing, chemicals and metals expenditure.

The long-term debt ratio was 21 per cent (23 per cent) at the year end. Cash and short-term securities, at slightly below £6bn, ended litle changed.

Fourth quarter oil and gas earnings fell to £953m (£1.04bn) on a reported basis and to £909m (£928m) on an estimated current cost of supplies basis. Full year figures were ahead to £3.71bn (£3.23bn) and £3.48bn (£3.37bn) respectively.

Group equity crude oil production for the quarter increased by 9 per cent to 1.74m (1.59m) barrels daily and for the year by 7 per cent to 1.61m (1.5m) barrels daily. Group natural gas sales volumes also rose in the quarter to 6.2bn (5.99bn) cubic feet daily and for the full year to 5.72bn (5.48bn) cubic feet daily — increases of 3 per cent and 4 per cent respectively.

Exploration and production reported earnings, excluding Shell Oil and Shell Canada, improved by £35m to £448m for the quarter and by £294m to £1.81bn for the year. Annual equity crude oil production averaged 993,000 barrels daily, up 10 per cent on 1983, with higher volumes mainly from operations in the UK, Nigeria, Oman, Thailand and Egypt.

Earnings per barrel in dollar terms increased for the year, reflecting lower unit taxation and production costs partly offset by the decline in average crude oil prices. The improved margins were enhanced by the effect of the stronger dollar on sterling results, against which were charged increased exploration expense.

Higher natural gas sales volumes for the year reflect increased exports of LNG from Malaysia to Japan, while European volumes declined. Initial deliveries of gas were made in the fourth quarter from the Tyra field offshore Denmark. Gas prices generally increased and results were also enhanced by exchange rate movements.

Shell Oil's exploration and production earnings for 1984 in dollar terms were essentially unchanged from 1983.

Excluding Shell Oil and Shell Canada, reported earnings from oil and gas manufacturing, marine and marketing were £127m (£237m) for the quarter and £604m (£527m) for the year.

On an estimated current cost of supplies basis, earnings for the quarter at £94m and the year at £342m declined from £129m and £686m for similar periods in 1983. The deterioration reflects the impact of a continuing supply surplus and excess capacity in the industry, with consequent inability to raise local currency prices to compensate adequately for supply costs inflated by the strong dollar.

Shell Oil's oil products segment dollar earnings declined 20 per cent for the quarter and 8 per cent for the year reflecting lower margins, despite lower hydrocarbon costs, which more than offset higher sales volumes.

Excluding Shell Oil and Shell Canada, chemicals earnings for the year rose to a record £210m, an increase of 156 per cent over the previous year's £82m. Petrochemicals were the main contributors with sales volumes increasing by 6 per cent for the year, although significantly higher margins achieved at the start of the year declined in later months. Speciality and agrochemicals saw much improved performances.

See Lex

MINING NEWS

Inco expects profits leap in buoyant nickel market

BY KENNETH MARSTON, MINING EDITOR

Inco, Canadian nickel producer, encouraged by a return to profitability in the fourth quarter of last year, expects to generate "*substantial cash flows as it* returns to profitability," the annual report says.

The company is not prepared to make firm forecasts at this stage, but reckons to have achieved a critical initial goal of reducing costs below revenues. "We look forward to a period of somewhat greater stability."

Non-communist world demand for nickel this year is expected to remain at the reasonably high 1984 level, says Inco. "In addition, there is evidence that the fundamental supply position should permit nickel prices to *increase somewhat, since nickel* prices and consumer nickel inventories are low."

At the end of last year, Inco's proven and probable ore reserves in Canada amounted to 479m short tons. They contained 7m tons of nickel and 4.3m tons of copper. The company's fourth quarter profit of $4.5m (£4.1m) reduced the 1984 loss to $77.3m compared with a loss of $234.9m in 1983.

IN BRIEF

A gold-copper mining project in Pakistan could be commercially feasible if suitable terms can be arranged with the Pakistan Government, according to a consortium led by Cofral of France and comprising the French Government's Entreprise Miniere et Chimique, Finland's Outokumpu and RTB-BOR

M Jacques Hertz, president of Cofral, said that the mine would produce gold, copper, silver, molybdenum, iron and sulphur. It would require an investment of $300-$500m and have a life of about 15 years. Although not viable at current metal prices, the mine would take about four years to reach production by which time he expected metal prices to have risen.

* * *

America's Newmont Mining, in which London's Consolidated Gold Fields has an interest of 26 per cent, is to embark on a $70m low-cost open-pit copper operation at San Manuel, Arizona. Due to start up in mid-1986, it will have an annual production of 20,000 tons of copper in the form of high-quality copper cathodes.

* * *

Canada's nickel-producing Inco plans to bring space-age techniques to underground mining. An agreement reached with SPAR Aerospace is hoped to lead to the joint development of remote-controlled underground mining equipment.

ERIC buys Goal stake for £8.8m

By Lionel Barber

Energy Recovery Investment Corporation (ERIC), the Luxembourg-registered oil and gas investment company, said yesterday that it had agreed to buy a 20.06 per cent stake in Goal Petroleum in a deal worth £8.8m.

ERIC has acquired 5m ordinary shares in Goal from Yulcat, another oil company, at 131.3p a share which amounts to £6.56m. The deal also includes buying a further 1.7m Goal shares in exchange for 977,390 ERIC shares.

Last year, ERIC doubled its size after a brief, but bitter contested takeover for Cambridge Petroleum Royalties. ERIC's chairman, Mr Nicholas Cobbold, a former London stockbroker, said the group was currently worth £30m. The acquisition of the stake in Goal, which has an interest in the onshore gas field at Wytch Farm, Dorset, would give the group a better spread between royalty and exploration interests.

ERIC's acquisition was funded partly through £6.56m debt finance provided by its merchant bank advisers, County Bank, and partly through a vendor placing late on Tuesday.

Some 877,390 ERIC shares were placed through its brokers, W. Greenwell and Rowe and Pitman at 230p a share, just at the time the Government announced it was scrapping the state oil trader, the British National Oil Corporation. Mr Simon Miller, head of County Bank's oil unit, said the issue was twice oversubscribed and was completed in 25 minutes.

Mr Annesley Keown, group chief executive of the building products and plantations company, Yule Catto, which wholly owns Yulcat, said the disposal of the Goal stake was designed to cut bank indebtedness within the whole group. The decision to seek a purchaser was announced last May.

T. Clarke advances

T Clarke, electrical contractor, raised pre-tax profits by 10.3 per cent to £885,669 in the year to December 31 1984, against £802,620. Turnover was up 21 per cent at £26.39m against £21.75m.

Earnings per share were quoted at 5.17p (3.99p) and a net dividend of 1.61p will be paid, making a total of 2.31p (2.1175p).

Needlers ahead to £437,000

Pre-tax profits rose 130 per cent at Needlers, from £190,000 to £437,000, in the year ending December 29 1984, with some £26,000 being achieved in the second half.

At the interim stage the directors of this Hull-based confectioner forecast full-year profits of over £400,000, and they expect to see some further increase in the 1985 results.

The single dividend is being stepped up from 4.2p to 5p net. Earnings per 25p share are shown at 13.7p against 7.1p.

Directors say that the company has continued to show an increase in its UK brands against a static market for sugar confectionery.

The large growth, however, has come from exports, which are up by 93 per cent, they say.

UK COMPANY NEWS

Appleyard back to dividends with 3p

FURTHER RECOVERY has been shown by the Appleyard Group of motor dealers, oil distributors and financiers, in 1984. Profit before tax has doubled to £1.23m and shareholders received a dividend of 3p net after two barren years. By the end of 1984 net borrowings to total resources were down from 44.5 per cent to 26.1 per cent.

Throughout the group measures taken over the past few years to reduce costs and increase efficiency are continuing to bear fruit, says Mr Ian Appleyard, chairman. Therefore, he believes that the encouraging progress made so far will be maintained.

He has words of warning about the recent sharp rise in interest rates, however. This will almost certainly reduce the number of new cars sold in the first quarter, and also adversely affect results of contract hire and leasing.

In the year turnover advanced by £11.77m to £139.78m and the operating profit by £455,000 to £1.79m. The associate contributed £545,000 (£400,000) and interest and finance charges absorbed £1.11m (£1.14m).

Cars and vans accounted for £112.97m (£102.69m) of turnover and £810,000 (£104,000) of pre-tax profit, trucks £18.42m (£15.66m) and £192,000 (£185,000), fuel oil £8.39m (£9.66m) and £79,000 (£130,000), and finance profit £545,000 (£400,000). Head office costs and interest not charged to trading operations took £400,000 (£219,000).

Mr Appleyard says in the new car market margins were "little better than break even," but the group concentrated on increasing substantially the profit from used car, service and parts activities.

The chairman says results of the second half benefited from the disposals of properties in Leeds and Glasgow. In December the planned sale of the Reigate property realised £340,000, and in 1985 a contract has been signed for the disposal of a further surplus property in Kilmarnock for £210,000. Elimination of that branch should materially help the Ayrshire operation back to profit.

In addition there is an extraordinary credit of £446,000 being the share of the release of part of the deferred tax provision in Appleyard Finance.

Earnings for the year are shown to be up from 6.4p to 11.3p per share.

Strong & Fisher in hotel venture with Polly Peck

Strong & Fisher (Holdings) is at an advanced stage of negotiations to form a new company in Turkey with Polly Peck (Holdings), the fast-growing agricultural and industrial company chaired by Mr Asil Nadir.

A feasibility study has recently been completed on behalf of the two companies to build a 300-room luxury hotel in Antalya in Southern Turkey.

If the deal goes through then Strong & Fisher will take up 25 per cent of the new company and will initially invest £250,000, building up to £1.5m over 18 months.

Last October, Mr Nadir placed a 24.9 per cent holding in Strong & Fisher with institutions but retained his place on the board of the company's Turkish abattoir and gellmongering subsidiary, M.E.M.I., which was formed in the same month.

Strong & Fisher's managing director, Mr Richard Strong, continues to be a non-executive director of Polly Peck International.

Yesterday's announcement accompanied Strong & Fisher's interim statement showing a further recovery with pre-tax profits climbing by 61 per cent from £1.21m to £1.95m.

Mr Asil Nadir, chairman of Polly Peck . . . planning to build a 300 room hotel in Southern Turkey

Payment of interim dividends is being resumed after a two-year absence. Shareholders will receive 2.5p per share in respect of the six months to end-December 1984. Final dividends were resumed last year when profits rose from £413,000 to £2.76m.

The results, the directors say, benefited from the strong U.S. dollar, while the traditional business, leather, experienced a 20 per cent increase in turnover, with trading and demand outstripping capacity.

Tanneries and fellmongering operations had "an excellent six months," and although no sales were made by M.E.M.I., the directors expect the full benefit of the investment to start materialising in 1985-86. Overhead costs have been taken into the interim figures.

They say that group orders for autumn/winter 1985 are buoyant and the company anticipates a good trading result in the second six months.

Group turnover for the first half rose from £18.79m to £25.36m, generating gross profits of £4.52m, against £3.55m. The taxable result was enhanced by a £232,000 reduction to £479,000 in interest payable. There was no associates' contribution (£96,000).

The total charge was £156,500 (£12,300), after which stated earnings per share were 1.3p higher at 12.2p.

Sharpe & Fisher growth slowed by VAT change

A MARGINALLY reduced profit in the builders merchants division has meant a slowdown in the growth rate at Sharpe and Fisher. At the halfway mark profit before tax had advanced by 35 per cent, but by the end of 1984 the rise was 19 per cent, from £1.85m to £2.2m.

In the second half the builders merchants faced slackening demand because of the imposition of VAT on alterations, and this was particularly noticeable in South Wales, the directors explain.

They are concentrating on maintaining margins, exploiting particular sales opportunities and reducing costs.

D-I-Y stores (Sandfords) increased their profits by 65 per cent to £1m. The Swindon store, which opened in late 1983, moved satisfactorily into profit; a new unit opened in Christchurch at the end of 1984 and all initial costs have been written off. There are currently nine stores operating and a further one (at Kidderminster) is due to start in July.

After tax £751,000 (£569,000) net earnings for 1984 are ahead from 6.5p to 7.3p, and a final dividend of 1.64p lifts the net total from the equivalent of 2p to 2.25p.

Sales moved up from £41.3m to £45.92m, and the pre-tax return was equal to 4.8 (4.5) per cent. The return on capital employed was 20 (18.5) per cent.

At the year-end the asset value per share was given as 55p, compared with 50p a year earlier.

Amber Day recovery gathers pace

The recovery achieved by Amber Day Holdings during the second half of the 1983-84 year gathered pace over the 26 weeks to November 24 1984.

Pre-tax profits for the period totalled £230,000. This compares with £136,000 for the preceding six months and losses of £100,000 for the opening half of the previous year.

Although spring sales have been below expectations the directors hope that better weather conditions together with the ending of the miners' strike will enable the year's targets to be met.

Turnover for the first six months rose to £4.86m (£4.08m) and operating profits to £124,000 (£66,000)—the previous periods exclude discontinued activities.

Pre-tax profits included a £91,000 (£86,000) share from the associate and interest receivable of £15,000, compared with previous charges of £252,000.

Earnings per 20p share came through at 0.41p (losses 1.62p). No ordinary dividends have been paid since 1981. The group is a clothing manufacturer and retailer.

The proposed reduction in share capital was approved by shareholders in January and is now before the High Court for confirmation. It is hoped that this will enable preference dividend payments to be resumed.

Cattle's shows progress despite miners' strike

CATTLE'S, Hull-based financial services and retailing group, reports pre-tax profits up 2.7 per cent to £1.96m in the year to December 31, 1984, against £1.9m. The company showed a second-half gain of £139,000, or 14.1 per cent.

Mr Roy Waudby, chairman, describes the result as remarkable in view of the fact that the miners' strike is estimated to have cost the group more than £650,000.

Mr Waudby says the group hopes to set new records, in the current year, although the effects of the strike will still be a factor.

Turnover was up at £76.7m (£74.6m) and earnings per 10p share were 3.03p (2.71p after adjustment for a one-for-five scrip issue in December 1983).

A final dividend of 0.9p (0.83p after adjustment) will be paid, making 1.5p (1.41p) for the full year.

The group's Shopacheck Financial Services suffered most from the effect of the miners' strike, says Mr Waudby, though the restructuring programme continued to produce positive results.

Trafford Loan Company was acquired, strengthening the position of some Shopacheck branch offices in Manchester. The group is looking for further acquisitions.

Rosebys continued to open specialist curtain concessions in Brentfords' stores, extending operations for thet first time into the South-East. Mr Waudby says the group believes a much more significant presence in the South-East would be beneficial to the future of Rosebys. He says the division is laying the foundation for a leap in profits in 1986.

Unsatisfactory performance of the insurance broking division has led to 11 offices operating as a franchise of Swinton Insurance. Contributions to profits are not expected from the division in the current year, but a dramatic improvement is demanded.

Family Investment

The Family Investment Trust had a net asset value per 25p share of 265.7p at January 31 1985, compared with 218p a year earlier.

A final dividend of 4.4p (4.1p) net is being recommended, bringing the total for the year to 6.9p (6.6p). Earnings were shown as 6.91p (6.62p) per share, with net revenue at £303,940 (£291,104).

BOARD MEETINGS

TODAY

Interims: Celtic Haven, Entertainment Production Services, Mitchell Cotts, Pitco, Waring and Gillow.

Finals: BBA, Grattan, House Property Company of London, Kennedy Brookes, Macallan-Glenlivet, George Oliver (Footwear).

FUTURE DATES

Interims—	
Anvil Petroleum	Mar 25
Arbuthnot Dollar Income Trust	Mar 21
Arbuthnot Govt. Securities Tst.	Mar 21
Berry Trust	Apr 15
Bridport-Gundry	Mar 22
Burton	Mar 27
Chambers and Fargus	Mar 18
Kwik Save Discount	Apr 12
Murray Ventures	Mar 26
New Central Witwatersrand Areas	Apr 11
Finals—	
BL	Mar 19
B.S.G. International	Apr 2
Babcock International	Mar 27
Biomechanics International	Mar 27
Church	Mar 21
Clyde Petroleum	Mar 25
Coates Brothers	Apr 2
Coats Patons	Mar 27
Cookson	Apr 3
Edinburgh Investment Trust	Apr 22
Freemans	Mar 25
Friedland Doggart	Mar 28
Horizon Travel	Mar 19
House of Lerose	Mar 21
Iceland Frozen Foods	Mar 26
Jones (A.)	Mar 21
Matthews (Bernard)	Mar 28
Mersey Docks and Harbour	Mar 20
Morris (William) Fine Arts	Mar 18
Newarthill	Apr 3
Planet	Apr 1
Rockware	Mar 21
Sale Tilney	Mar 18
Silkolene Lubricants	Mar 28
Smith and Nephew	Mar 26
Sun Alliance & London Insurance	Apr 3
Systems Designers Intnl.	†Mar 18
Vectis Stone	Mar 28
Wates City of London Props.	Mar 21
Wolstenholme Rink	Mar 22
Woolworth	Mar 28

† Amended.

THE PROPERTY MARKET BY MICHAEL CASSELL

Cardiff shops plan killed by Minister

GUARDIAN Royal Exchange has had plans for a £25m shopping centre in the heart of Cardiff rejected by Mr Nicholas Edwards, Secretary of Sstate for Wales. He said the project would damage existing retail businesses in the Welsh capital.

The planning appeal decision, in the wake of Cardiff City Council's vigorous opopsition to the 170,000 sqft American-style, glass-fronted shopping complex at a five-week planning inquiry one year ago, was described by GRE as "astounding." It will study the small print of the decision before deciding upon its next move.

Mr Edwards accepted the conclusion of the Welsh Office's inspector that the proposed development — on the 5.2 acre site of the demolished Capitol Theatre and Cory Hall, to the east of the existing shopping area — "could put in jeopardy the stores and arcades in the Western Sector."

The inspector had claimed there was already obvious visual evidence of a decline in some parts of what is a conservation area. There was a grave risk of a further deterioration "given another shock like that which folowed the opening of the St David's Centre."

The St David's complex opened in the early 1980s and added around 500,000 sq ft of shopping to Cardiff's central area. The GRE scheme provided for a further major store, 37 shops, a public house, restaurants and parking for 512 cars.

The Welsh Office Letter, containing Mr Edwards' decision, conceded that it was not one of the purposes of the Planning Acts to protect traders from the effects of competition. "But the Secretary of State sees no reason to question the inspector's judgment of the consequences of this proposal" and "that the risks are such as to be likely to undermine the objective of conservation."

Mr Edwards is urging GRE to get together with the City Council to try to hammer out an acceptably, revised scheme, "so that this important site can be redeveloped at an early date."

In his judgment, Mr Crow suggested that there was "an overwhelming case" for a less intensive development possibly along the lines of the Sun Alliance development, immediately opposite the Queensgate site, which is a mix of offices and shops.

He accepted that the original scheme would have added "commercial brightness" to Cardiff's centre. But this was not the same as saying it would satisfy any need. The combination of compactness and comprehensive facilities made Cardiff City Centre "one of the best in the UK." But Cardiff had no need of the proposed development "either now or in the future," the inspector concluded.

ROBIN REEVES

Small funds lead investment revival

INSTITUTIONAL fund managers must be born optimists or closet masochists. Faced with an avalanche of evidence to show that most direct investment in commercial property has recently proved about as tantalising as a cold bath, they appear poised to step up spending.

Property's poor relative performance has meant that the annual level of net institutional investment in the UK sector has been running well below the peak total of about £2bn recorded in 1982. Final figures for 1984 are not yet available but most forecasts suggest total institutional spending in direct property reached about £1.45bn.

The proportion of institutional cash flow invested direct in property last year by pension and life funds looks to have fallen to around 8.5 per cent, barely half the level in 1980. Gross investment actually rose last year but it seems institutional property sales reached an all-time high as fund managers started clearing out the basement.

Despite giving a rather better account of itself when compared to gilts, the direct property sector once again markedly underperformed equities last year. Indeed, given the relative growth of rents and dividends and the trend of property yields against those on alternative investments, property has failed to compete effectively over the last 10 years.

The results of the annual survey of pension scheme property funds, conducted by William M. Mercer—MPA, the employee benefits consultants, drive the message home. Incorporating 56 separate UK property funds, the survey showed—for the third year running—a substantial decline in the proportion of total pension fund assets invested in property.

The Mercer-MPA index showed a 7.3 per cent return on property for 1984, above the level of retail prices and earnings but nowhere near returns of over 30 per cent achieved for UK and overseas equities.

The top performing fund achieved a return of over 27 per cent, but it was entirely comprised of property shares. Pennine property unit trust was the worst performer. Heavily biased towards industrial property, it revalued its portfolio downwards during 1984, to show a negative return of 13.5 per cent.

Commenting on the continuing decline in investment, the consultants say: "The lack of confidence by investors in the realism of property values is a fundamental element of this disenchantment."

Few observers have gone as far as to write off property as a major investment option. In its most recent investment report, Healey and Baker, the agents, say there is little to indicate that property's recently poor performance is a long-term trend and that it represents no more than a cyclical movement in the relative strengths of competing investment media. The institutions, it believes, continue to have confidence in property as a long-term investment.

Even so, the return of institutional confidence has been assumed to be some way off, with any eventual upturn in spending likely to prove carefully-paced and highly selective. Now come suggestions that the revival is already here.

Baring Houston and Saunders, the surveying practice which is 25 per cent-owned by Baring Brothers, has just asked 50 funds with combined property assets exceeding £5bn, about their property plans for 1985. According to Robert Houston: "The conclusion is that 1985 will probably be the best year for property for some time. Half the funds managers are more optimistic about the fortunes of the property market and around 60 per cent intend to spend more in 1985."

Houston reports that fund managers expect new investment this year to rise by about 7 per cent to around £1.55bn, although he is prepared to predict a maximum figure of £1.75bn, which would make it the second best year on record. He accepts, however, that the performance of other investment markets and the availability of property investments will ultimately determine just how much of the extra money earmarked ends up in the market.

Houston points out that a reassessment of property's place in the overall investment market means the larger funds are now reining back on their traditional 25-30 per cent exposure but, at the same time, the smaller institutional investors seem happy to continue to push up the level of holdings.

Support for the new optimism comes from Phillips and Drew, the stockbrokers, who point out that the direct property market is, traditionally, a late performer in the economic cycle and believe that a much stronger performance is on the way.

Robert Ringrose and John Atkins reckon that, relative to gilts and equities, the direct property market is more attractive now than for the past eight years. With total institutional cash flow rising from an estimated £16bn in 1984 to around £17bn, they believe net new investment in property will this year increase to about £1.7bn.

The brokers believe real rental growth—which re-emerged in 1984 for the first time in four years—should this year accelerate to around 5 per cent this year and in 1986. By contrast, real dividend growth is expected to fall from 10 per cent last year to as low as 2 per cent in 1986.

The theory, then, is that an improved performance in the property market, combined with a slowdown in the growth rate of equity markets, will give direct property investment a boost. On the same basis, property shares—helped by positive gearing, a rise in development output and the chance of heightened takeover activity—should also offer an increasingly attractive option.

Theories, however, do not fill floorspace or move rents and any sound investment revival needs to be based on the positive merits of property rather than merely on any weaknesses in competing markets.

Buyers turned on by off-pitch boom

THE EXPLOSION in off-pitch retail warehousing, offering customers cheaper prices and plenty of car parking, appears finally to have roused the interest of investors.

The boom in DIY, electrical goods and furnishing has now spawned over 1,000 retail warehousing centres around the UK, with operators reporting sales growth well in excess of rates achieved for the same products in more traditional outlets.

Their success has led to strong competition for suitable sites while the latest generation of buildings have become, in retailing jargon, much more "customer friendly" and increasingly less like standard industrial units.

With acceptance, by retailers and the general public, has come rental growth. While average rents for retail warehousing stood at around £2.60 a sq ft in 1980 they have now reached over £4 a sq ft and one unit, according to Jones Lang Wootton, has just been let at £6.75 a sq ft.

All of which means that investors seem to be overcoming their inhibitions about the risks involved in sinking funds into a newly developing market with an uncertain future. Doubts have centred on occupiers of uncertain covenant, a lack of comparable properties against which to measure performance and the threat of obsolescence in a rapidly changing market.

JLW, which has just produced a report on the sector, says one important reason for growing investor confidence is the emergence of lease options which enable premium rents to be charged above the average levels achieved on review for other industrial and warehouse premises. There is even evidence that, in the most buoyant parts of the south-east, investors are willing to accept reviews at open market levels, underlying a more confident approach to this particular investment market.

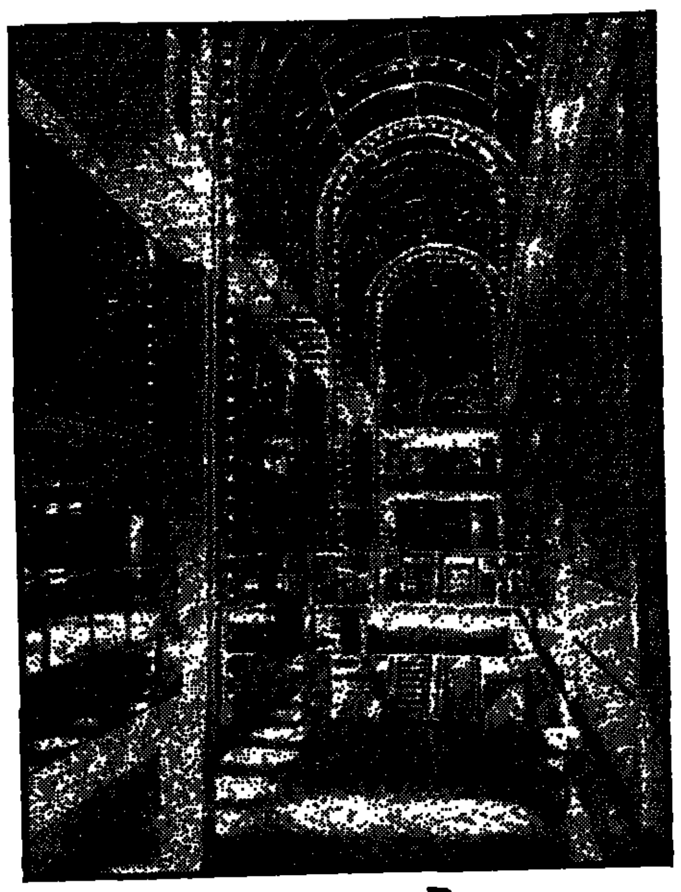
● **Norwich Union is spending £8m to develop its largest scheme to date in France. The 38,000 sq ft office building will be in rue Cambaceres and is the first to appear for several years in the city's "golden triangle." Jones Lang Wootton in Paris are letting agents and Cogedim are the developers. NU is also starting work on its 56,000 sq ft refurbishment on rue Henri Rochefort, a joint scheme with Ciprim.**

● **Work is about to start on MEPC's £5m development in Brown Street, Manchester, the first new building in the King Street area for four years. It will provide 37,500 sq ft of accommodation and letting agents W. H. Robinson expect rents of around £7.50 a sq ft. MEPC is also going ahead with a £8m office project at Five Ways, Edgbaston. Fourteen separate office buildings will be sold on 110-year ground leases through Grimley & Son.**

FINANCIAL TIMES REPORT

RETAIL PROPERTY

The UK market is under pressure from proposed extra capacity, new technology and falling spending



20th century Regency

The £23m Regent Arcade, Cheltenham. Architects Dyer Associates have used galleries inspired by the past to fit a modern centre into an awkward site in an historic town

Centres face creative challenge

This survey was written by William Cochrane with contributions from Jeffrey Brown and Michael Cassell

THE FUTURE of UK retailing and its associated property investment market is likely to be a prime topic for discussion in Madrid next weekend at the 10th European conference of the International Council of Shopping Centres.

Traditional high street shopping is under pressure, as are older urban shopping centres and the market share of big retailers like Marks & Spencer.

The Government seems to be taking a more lenient stance in allowing competing new developments. Technological change poses a threat, while spending on traditional retail sales is declining, and will eventually affect retailers' ability to pay higher costs, and sustain profits.

A study of rental growth by the Henley Centre for Forecasting has shown that shops are not expected to perform badly. But growth rates are expected to be overtaken this year by offices and next year by industrials.

Many institutional investors have got the message already. While some prime locations are dying, others are booming—notably in a nexus of Hertfordshire towns, close to London's orbital M25 motorway and thriving on the rise of high technology industries.

A spate of town centre and out-of-town developments have been proposed, which has caused some criticism.

"Increasing pressure is going to be put on the planning authorities by applications such as Thurrock, White City and Staines," according to Mr Colin Kerr, of agents Edward Erdman. "These big centre applications, plus a spate of superstores, DIY, food and furnishing applications are going to increase in 1985."

"If the Department of the Environment is going to take the lid off planning control on these applications, and the devil take the hindmost, the result will be unfortunate. It isn't just town centres that may suffer. Suburban shopping is also at risk.

"There is a place for these types of centre but it is time that the government ensured that a positive policy in the planning of shopping centres was formulated instead of a defensive posture."

Britain's shoppers do not have a bottomless purse. Retail consultant Mr Edward Whitefield, of Management Horizons, says that less than 41 per cent of consumer spending goes on retail sales compared with 50 per cent about 15 years ago.

Mr Whitefield has also been studying electronic marketing, where the customer does not need to visit retail centres but orders via a television and computer link with suppliers.

In one U.S. experiment: "You sit in front of a console which shows a book of best-selling lines; press a button, and your order is received by the central cable authority, passed to the supplier, delivered direct and your credit card debited accordingly."

He expects technological developments like these to affect property prices in five years and have a measurable impact in a decade. It is demand which bids up property rents, and a mere 2 per cent of retail sales totals £1.46bn. Mr Whitefield says development of off-centre retailing will come into the equation much earlier—in less than two years.

Mr Paul Orchard-Lisle, of agents Healey and Baker, suspects that the total amount of retail rent paid in the UK will not increase by much in the near future. "But it will polarise, so that the attractive locations get the growth."

He says that a massive amount of retail property is planned but adds that there is a distinction between intention and construction.

"Healev and Baker has 10m sq ft on the drawing board but not all of that will be built."

With Sunday trading another threat on the horizon, town centres have to find a way of fighting back. Access roads, parking, promotion and a general increase in the standard of urban centre management seems to be in order.

Urban centres can also score more heavily in psychological appeal, attracting people to town for an entertaining experience. Developers and planners will have to face the creative challenge, or lose business.

Mr Clive Lewis, of the agents which bear his name, remembers what happened in the U.S. "In places like Pittsburg, the centre died because everything moved out."

Urban renewal is now common in the U.S., but does Britain want to pay that price? Mr Lewis says: "to obtain a sufficiently large land bank for a major urban renewal project, you've got to have large scale urban decay."

He detects a wariness in the investor. "They want to invest, but they also want to be sure that another new shopping centre will not be given planning permission three or four miles down the road—which is happening."

All this underlines the point that retail property, especially the standard unit in the traditional high street, is not a government stock with growth prospects. It is a risk investment.

It is time to tread warily when the average high street unit is valued at £1m; when institutional investors have been funnelling into the £1m to £5m investment range because they think bigger lots would be unwieldy; and when prime retail property is valued on a 3.5 per cent yield—or 28.6 ear's purchase at existing rents.

The Ealing Broadway shopping centre, West London, just before completion, showing the glazed arcades around a square

PROFILE: BRITISH COUNCIL OF SHOPPING CENTRES

Catalyst for the future of a profession

THE BRITISH Council of Shopping Centres is on a recruiting drive. Having attracted almost 200 members since it was founded in the autumn of 1983, it aims to double this over the next year.

Mr Roger Lucas, of agents Richard Ellis, was president of BCSC since its inception. He has just handed over to Mr Julian Markham, another founder member, and chairman and managing director of Glengate Properties. Glengate specialises in the sort of refurbishment and renovation which has been the talking point of the International Council of Shopping Centres at European conferences over the past two years.

The concept of a structured shopping centre industry, with an educational and professional conscience, is an important one.

"Membership of BCSC includes a cross-section of developers, funding institutions, agents, architects, retailers, quantity surveyors, engineers and designers," Mr Lucas says.

"We are constantly endeavouring to strengthen representation in the retail, local government and funding institution sections.

"Out of the first 10 ICSC European conferences, there have been British chairmen for five." Mr Lucas was chairman in 1980.

National councils have also been established in France, Italy, Spain, Portugal, Germany and Switzerland, and may be created for Holland and Scandinavia.

The BCSC has a quarterly magazine called Shopping Centre Horizons and organised visits to four new shopping centres. Another, to Ealing Centre, is on the way. It has held a technical workshop session on car parking and further workshops are planned. A working party on a diploma in shopping centre management has reached an advanced stage.

"We are now seeking the views of members on the detailed implementation of this part of the educational programme," Mr Lucas says.

Mr Markham says the establishment of a diploma, in association with the College of Estate Management at Reading, will be the prime objective for 1985-86.

Otherwise, BCSC will continue with its programme of lunches and speakers. This sector of the property industry seems to thrive on communication of ideas.

A revolution is taking place in the retail sector, Mr Markham says. The public is absorbing the new experience of modern shopping centres, while owners, investors, designers and retailers are paying greater attention to detail and management. At the same time older shopping centres are in great need of renovation and modernisation.

Julian Markham, new president of BCSC

"The British Council of Shopping Centres is centralising the exchange of viewpoints, providing a meeting place, an educational forum and, hopefully, the catalyst for the future of the shopping centre profession."

DEVELOPMENT

Mega-schemes galore

RETAIL PROPERTY development went into low gear in 1984, with completions of new-build in decline and the refurgishment hopes of 1983 turning into a longer-term prospect. However, retailers generally continued to gain confidence.

Hillier Parker say 26 shopping developments were opened in Britain in 1984, containing 3m sq ft of floorspace, against a 20-year annual average of 4m. The average size of schemes, said Mr Russell Schiller,, the firm's research head dropped steadily since the 176,000 sq ft of 1979 to 116,000 sq ft last year.

Demand *for refurbishing* continues and schemes like those at Ilford and Chelmsford are going ahead. On the other hand, local authority spending has been cut, reducing some opportunities.

A number of projects are also waiting for the reconciliation of ownership structures created 20 to 25 years ago, which have left owners with only part of the income, but 100 per cent of the expenditure.

Mr Bob MacKenzie, development partner at Edward Erdman, says the polarisation between goods sold in town and out of town continues, with the accent in both sectors on increasing amenities.

"*Out-of-town bulk merchandising* is expanding beyond the food and DIY retailers, and now includes large furniture stores of up to 200,000 sq ft, toy stores and sports goods stores," he says.

New ideas include what he calls the "retail park" where landscaped shopping developments have ice rinks, boating pools, and surface car parking.

Planning

"Important examples include the Carroll proposals at Hatfield, the Roaring Meg site at Stevenage by Trafalgar House and the CEGB site development by Carroll at Croydon."

The MetroCentre at Gateshead is in an enterprise zone, where normal planning rules do not apply, and was chosen by Marks and Spencer for its first 150,000 sq ft store—the first of its *out-of-town schemes*.

Other retailers have decided that if the MetroCentre is good enough for M and S, it is good enough for them, so it has grown to some 750,000 sq ft.

"Other similar initiatives include the separate Town and City/Capital and Counties proposals, both more than 1m sq ft at Thurrock, the Centre 21 proposals at Enderby near Leicester, and the Amey Roadstone site next to the M25," Mr Mackenzie says.

"All these schemes offer *department store and* variety store opportunities of a nature difficult to accommodate in congested town centres, such requirements having been satisfied in new town areas like Basildon, Milton Keynes, Redditch, Telford and so on.

"It remains a matter of conjecture as to the impact these mega schemes, if they come about, will have on the traditional shopping hierarchy."

Carroll's £45m Park Plaza leisure and shopping scheme, which has been planned to top the A1M tunnel through Hatfield, is now the subject of a planning enquiry.

Covering some 27 acres, and incorporating offices, a 100-bed hotel, an ice rink and a gymnasium, as well as shopping, the development is seen as an attraction not only for Hatfield but for the whole of Hertfordshire.

Unfortunately there are other, competing interests which want *lebensraum*. As Mr MacKenzie has pointed out, there are *similar proposals for* Stevenage, not to mention two town centre projects there, two at St Albans, an Asda development at Watford, one in Welwyn Garden City and another at Edgeware—an enormous concentration of shopping.

Mr Schiller also wonders how many of these proposals will come to fruition. Enderby is bogged down in court. The planning inspector refused permission, the Environment Secretary over-ruled him, but local interests took the case back to court for review.

Thurrock also seems certain to go as high as government level, but the professionals are giving slightly better than even odds that one of the schemes will be allowed to go ahead.

Mr Alan Tate of Healey and Baker, acting for Town and City in this debate, has calculated that London's orbital motorway could throw up the potential for five major shopping developments without affecting existing centres.

Mr John Strachan, from the same firm, lists the hurdles any project team will have to jump: "It is very important that there is no green belt objection," he says. "Next, one has to establish need and demand for such a centre." Then there is traffic flow and the effect on neighbours.

Some of Thurrock's neighbours are objecting. The *adjacent London boroughs have* existing retailing to protect, while Basildon has Norwich Union's 470,000 Eastgate International shopping centre due for completion later this year.

Thurrock will probably provide a test case for motorway developments of this type.

In town centres, the flow of *local authority* schemes has dwindled to a trickle, though there are important examples like Tunbridge Wells, Hamley, Barrow and Kendal on the way. One already there, and in the running for an international design award, is the Regent Arcade at Cheltenham.

It was developed by Crudens with the borough council as freeholders and Lloyds Bank Pension Scheme as principal leaseholder, funder and majority equity partner. The 185,000 sq ft is on two levels and is basically a large piece of urban infill on a former car park.

Prime

The site was long, awkwardly shaped and wedged between two streets running at right angles to Cheltenham's main shopping pitch. Access was severely restricted to a relatively narrow pedestrian entrance on to the High Street to the north, with vehicular access confined to the southern end.

Local architects Dyer Associates went for a tall, formal shopping arcade. They aimed for a shopping route connecting the prime retail areas of the town and linked to Cavendish House with a new covered bridge.

The main, 70,000 sq ft anchor *unit for British Home Stores* was the furthest off-pitch and the other important anchor unit, 8,500 sq ft for Mothercare, is about *half-way* along the arcade.

British Home Stores is not complaining. Mr Dennis Cassidy, managing director of British Home Stores, says: "We have been looking for a suitable site for 10 years and this maginificent Regent Arcade is perfect.

"It is the best shopping development I have seen anywhere in the world."

The Cameron Toll centre south of Edinburgh combines location and style

PROFILE: HENNES

Turnover turn-off

THE British system of acquiring new retail space is different from its Continental equivalent, according to Mr Vivian Scott, UK managing director of H. and M. Hennes, the Swedish-based retailer.

Mr Kent Gustafsson, operations director says that on the Continent "the landlord will build to specification and shopfit. If the result is attractive and *successful*, he will benefit in turnover-related rents.

"We talk to the landlord earlier in the development process there and they will tend to talk to tenants. They don't profess to know anything about retailing."

Mr Graham French of Chestertons, who act for Hennes in the UK, says: "It is usual here to have a basic shell, four brick walls, unscreeded floors, unprepared *ceilings and a hole in the ground for services.*"

The team is not enthused about the apparent lack of institutional flexibility in their ownership of retail property in the UK. The majority of institutions are not interested in turnover rents.

This is unsatisfactory for a group *which seems to know* what it wants—and what the consumer wants.

Its 90 stores in Sweden have taken that market close to saturation point. But there is plenty of room in the rest of Europe, where it has outlets in Norway, Denmark, Switzerland and West Germany.

There are 13 Hennes stores in the UK, *all* close to London; Milton Keynes is the furthest away. Average sales per store in 1982-83 were about £800,000, against £1.95m per store in Sweden. Switzerland, which had the same number of stores at that time as the UK, showed average sales of £1.39m each.

Exclusive

The explanation hinges on store sizes. A standard Hennes in the rest of Europe is 1,200 sq metres (13,000 sq ft). In the UK, they range from 150 sq metres in Brent Cross to 1,200 at its new Oxford Circus branch. The group's UK average size is 500 sq metres, and sales per store are proportional.

Hennes buys its merchandise, normally to exclusive specifications, from suppliers around the world. It has set up a buying office with in-house design.

But to sell the full range *from* baby wear through children's clothes and young fashion to ladies' and men's wear, plus the accessories, it is talking of future UK stores in a 1,000 to 1,200 sq metre range.

It sees no great management problem in expanding into regional centres throughout the country. But Mr French says that 10,000 sq ft prime locations do not grow on trees.

Two a year are as much as *they can hope for. Last* year new branches were opened in Oxford Circus and in the Ashley Centre at Epsom.

Hennes could use more space in most existing UK stores. It is aiming for a family shopping environment and is not too concerned whether it goes into covered shopping centres or traditional high streets.

Which is just as well, according to Mr French: "In a shopping scheme of more than 150,000 sq ft you are talking about no more than two or three units of our preferred size."

Mr Scott has clear ideas about how developers would qualify for turnover rents. "If they get escalators, lifts, layout and shop windows right, they are entitled to a share in the profits."

Capital & Counties, the great proponent of turnover rents in the UK, is working on a development with Hennes at the moment.

DESIGN

Putting on the style

"The trend is clear: the shopping population is more mobile; there is a revulsion against the blandness of our old centres and the traditional high street and an attraction towards excitement and style."

MR LAURENCE ANTILL, of retail property agents Donaldsons was talking about shopping centre promotion. But the words encapsulate feelings about external architecture, internal design, management security—anything which makes *shopping* more pleasant.

Location, access and parking are very important, and with the right shopping mix may eliminate any need for razamatazz. Mr Ron Gammie, senior partner of Donaldsons notes that in the era of fast-food courts, Hammerson's successful Brent Cross centre in north London (managed by Donaldsons) gets by with a couple of boulevard cafes.

The GA Group's Cameron Toll development two miles south of Edinburgh's congested city centre opened last September. It combines location and style. Mr Jim Gillespie, managing director of what was then the Gilbert Ash Group, put £400,000 into landscaping the 25-acre site, and bringing the outdoors into the development with plants, foliage and 20 ft trees.

Anchored by a SavaCentre hypermarket, Cameron Toll incorporates a fast-food court and an innovative series of shop fronts to break the straight lines of the mall.

"We had an initial problem convincing people that off-centre Edinburgh would work," says Mr Len Baker, of Clive Lewis & Partners, joint letting agents with Montagu Evans. "But when we got the initial lettings, the rest came pouring in."

All the space in the centre was reserved before it opened.

A new form of style is being shown with libraries incorporated into shopping centres. They are part of the highly praised Ealing Broadway centre in west London, put together by John Laing and the Building Design Partnership, and at The Lanes, Standard Life's 250,000 sq ft shopping centre in Carlisle.

Donaldsons are involved in funding the first scheme incorporating an ice rink, at East Kilbride in Scotland.

At Thurrock, on the north eastern section of London's M25 orbital motorway, there are two *competing* development plans which may need to show something special, so one will achieve political and consumer acceptance.

Town & City is one contender. Mr John Strachan, of the scheme's agents Healey & Baker, reckons a big "show business" element is needed in this sort of situation.

"It has to be planned in—leisure, catering, cinema, sports—a vast amount of non-shopping space."

The team has included the idea of a children's village, taking in as much as 100,000 sq ft of space at the five-level atrium.

Sometimes, however, space is at a premium. There are some schemes this year which could almost be described as urban infill. They are frequently tagged as "Covent Garden-style" and will probably come to be known as speciality centres.

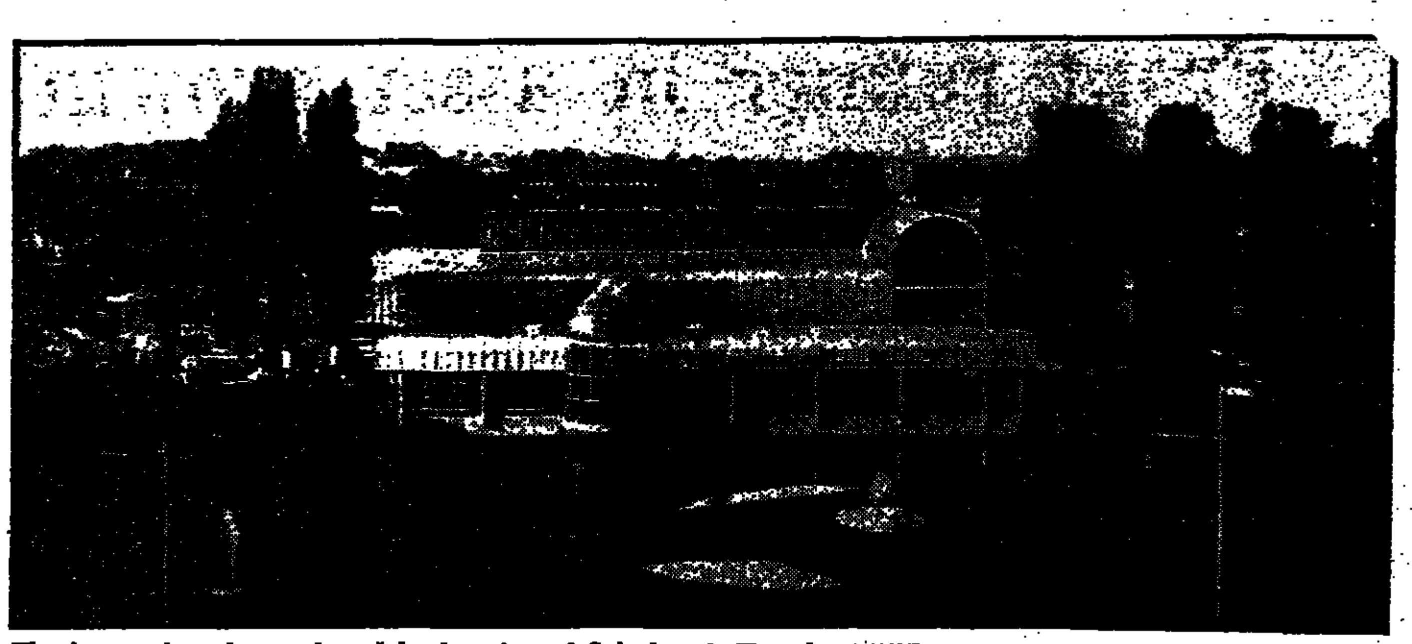
Edinburgh's Waverley Market, where lettings are picking up *after* a slow start; Cavern Walks in Liverpool and St Martin's Square in Leicester come into this category.

St. Martin's caters for a variety of unusual, small to medium-sized traders. The £3m scheme comprises approximately 35,000 sq ft of space, provides nearly 40 units and has been forward funded by Bass Pensions.

Units range from 131 to 946 sq ft and tenants include Benetton, Stephanel, Capolita Roma (specialising in high fashion shoes), Apollo Window Blinds, a local craft shop, specialised wool shop and an Italian restaurant. There is also a clothing design studio and a hair stylist on an upper floor.

St Martin's is the first of what Mr Martin Cohen, Teesland's chairman, hopes will be many similar schemes. He already has something bigger on the stocks in an £18m scheme for Buchanan Street, Glasgow.

The speciality centre formula is a reminder that the retailer is important. Architecture and design might be impressive, but if the retail mix is boring, the centre will be as well.



The impressive glasswork and landscaping of Sainsbury's Homebase DIY store and garden centre at Catford, South London

COMPANIES

BY JEFFREY BROWN

A hint of bonanza in the air

THE PAST year has confirmed the buoyancy of retail property. Companies with an above average retail weighting have basked in the knowledge that *their chosen area was moving* ahead smoothly. Shop rents in 1984 rose strongly and capital values followed suit. There has been the occasional hint of bonanza following the rapid expansion of warehouse-style retailing.

Shop rents rose by 7 per cent last year and the capital value by *12.3 per cent, according to* agents James Lang Wootton. Performances like this make gains of 1.2 per cent and 4.3 per cent respectively for office rents and values look pedestrian. Industrial rents rose last year, but values declined slightly.

The strength of the retail sector has been under-pinned by strong consumer spending and the absence of the sort of capacity overhang that has long held the office market in check. Indeed, demand from some of the more aggressive retailers for space has been remarkably competitive.

Yet 1984 has also seen the emergence of less comforting features. Their share of total *shop development has fallen* steeply, and there are signs that the institutions are beginning to switch their investment focus away from retail property.

Between 1965 and 1982 property companies accounted for more than four-fifths of retail development in the UK. This share is now down to less than a third, according to agents Hillier Parker. The shake-out follows a rapid onset of competition from the retailers themselves, from pension funds forming in-house property teams and from the construction trade.

UK COMMERCIAL PROPERTY RENTALS 1984-87*

	Offices	Shops	Industrial
1984	4.0	6.1	0.9
1985	8.7	7.4	3.5
1986	9.9	7.1	8.9
1987	10.0	8.0	7.9

* Annual % change at March of each year.
Source: Henley Centre for Forecasting.

The agents' research shows that between 1982 and 1984 the institutional share of retail development had risen to 29 per cent. Retailers took a 24 per cent share and contractors 17 per cent. Over the 1965-82 period, institutional development accounted for 12 per cent, retailers 6 per cent and the construction trade virtually nothing.

The development cake has grown susbtantially: in 1984 about 3m sq ft of selling space came on stream. But the message for the property sector is that they face strong competition for development business from new forces, backed by ready finance.

Elsewere the retail property picture is clouded by the imbalance of yields. Average *hsop yields have begun to edge* below 5 per cent and could be relatively unattractive given the concern mounting over the durability of the high street spending boom.

Average office yields are about 6.8 per cent with industry rturning more than 10 per cent. The big investment institutions could be starting to have second thoughts about the outlook for shop property.

It is hard to generalise about property, however, and the same can be said about retailing concepts. Getting the direction right is what counts. For this reason some companies look assured of a fairly constant investment *following* while others are likely to remain neglected.

Capital and Counties with its big shopping centres, and Peel Holdings, the warehouse retail developer, are among the former.

In many ways, retail warehouses became respectable in 1984. On the back of explosive growth for the do-it-yourself trade, the sector has soared ahead in development ratings. Institutional investment now smiles on retail warehouse property and even Land Securities, the largest UK property group, intends to enter the field.

The trend to retail warehousing is one of many symptoms of innovative *forces feeding* the corporate sector. To some extent property company energies appear pinned down by demands of the management business. Companies have undertaken very little financing over the past year and the takover game remains equally unexciting.

The company with the heaviest retail weighting is London Shop Property, where three-quarters of a £93m investment portfolio is linked to shops. Some 47 per cent of the retail portfolio is in unfashionable shopping parades, while centres account for 23 per cent.

The group is well spread geographically with 40 per cent of shops in the south-east and the rest distributed around the UK. The company has a housebuilding division which performed strongly in 1984. This, and solid trading profits, helped push pre-tax earnings ahead by 19 per cent to £5.7m for the year ending in April 1984. Asset values improved by 7½ per cent.

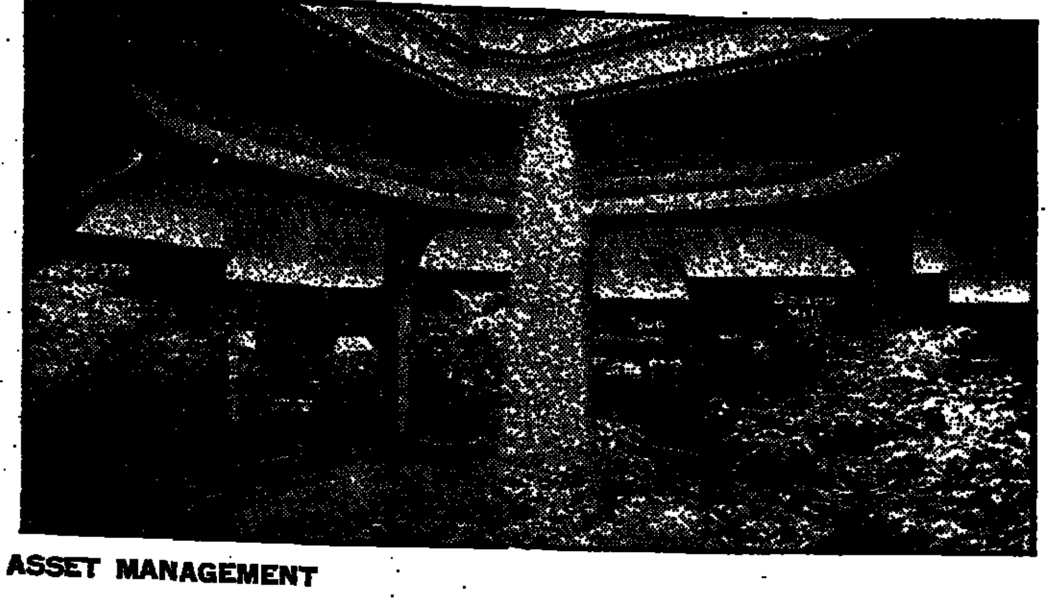
Town Centre Securities has *some 60* per cent of its £79m investment portfolio in the retail sector of which the Merrion shopping complex in Leeds accounts for about half. The rest of the retail portfolio is spread acros the north. Pre-tax profits improved by 14 per cent to £2.4m for the year ended in June 1984, but capital values made no progress.

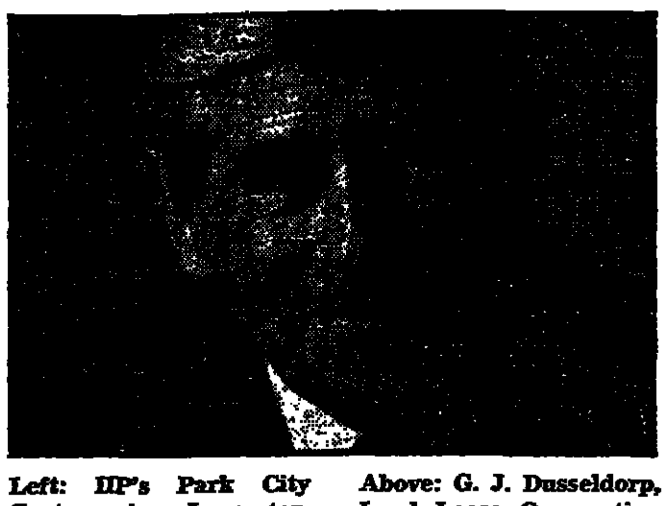
The company has been hitting the headlines with its block on the British Land property and investment group bid to acquire Stylo, the shoe retailer controlled by the Ziff family. Town Centre's stake in Stylo has moved up to about a fifth.

At Scottish Meropolitan the percentage is closer to 48 per cent. In recent *years*, the company has been diverting development funds south of the border, but its low margin origins still bear heavily on the profit and loss account. Pre-tax profits for the year ended August 1984 were just 4 per cent higher at £6.8m.

The group portfolio is valued at £119m, and 80 per cent of the retail content is based in *Scotland*, mostly in the Strathclyde and Lothian regions. The thrust away from Scotland has taken the group into a broad mix of office and shopping centre developments.

RETAIL PROPERTY 3





Left: IIP's Park City Centre in Lancaster, Pennsylvania

Above: G. J. Dusseldorp, Lend Lease Corporation chairman

ASSET MANAGEMENT

Conjuring space from nowhere

INTERNATIONAL Income Property came to the UK stock market two years ago. Since then the dollar has appreciated by 50 per cent against sterling and IIP shares went from an issue price of 587p to £10¼, a rise of 75 per cent.

IIP invests in regional shopping malls on the eastern seaboard of the U.S. It was founded in 1978 by Lend Lease Corporation, the premier Australian property development company, and its chairman Mr G. J. Dusseldorp.

Lend Lease made its name and its fortune as a developer, and Mr Dusseldorp, given the choice, would have gone that way in the U.S. "We would much rather build new. It is more exciting, much more part of history," he says.

"But the year after we started in America, only three centres were completed in the U.S. That market is saturated."

Intensive property management is the key to the IIP operation. This means upgrading, remerchandising, releasing and expanding space. Mr Paul Babick, secretary and treasurer, thinks the company could nearly double its property portfolio with the "recycling" of existing investments.

IIP's first buy was the Oglethorpe Mall in 1978—590,000 sq ft, 10 years old and in need of upgrading. Now it has 823,000 sq ft, four department stores instead of two, and 126 units compared with 70.

The company creating another 17 outlets from the same space, having bought back 18,000 sq ft occupied by a ladies' wear retailer late in 1984, acquiring another 7,000 sq ft of mall frontage from the centre's general merchandise outlet.

Last August it acquired the ground lease of the original mall, repaying the mortgages from an institution. This allowed IIP to eliminate a large and ever-growing participation in the mall's profits by the institution and replace it with interim borrowing at prime rate.

The company also announced earlier this year a $3.5m renovation of Park City at Lancaster, Pennsylvania, owned equally with the UK Post Office pension fund.

Complex

A lower-level redevelopment will convert 130,000 sq ft of long-under-utilised space into a "state of the art" speciality mall, incorporating an 86,000 sq ft department store, a food court and 20 speciality shops.

Recycling is more complex than new build, says Mr Dusseldorp. But it is more rewarding. "Lend Lease is now in recycling too. We have learned in the U.S. how to recycle property in Australia."

Shopping centres were a little like hotels — "they need a face lift every 10 years, or they get dated," he says.

"As a landlord/owner we control only the public areas. But we have found it very powerful to set an example, put our money where our mouth is and progressively shame the shopkeepers into doing something about it."

This provides the first opportunity of lifting rents in acquired centres up to current levels. "They have to come to us for approval to make changes," Mr Dusseldorp says. "We tell them 'upgrade physically, upgrade the rent.' That hits a sensitive nerve and the bargaining process begins.

"We are lucky in that most shops are much too large for the business which they do. We stop talking in terms of rent per square foot and talk rent per week. We can make a deal by taking part of the store back. Two or three adjacent deals like that and we can expand the rent roll by creating more shops from the same space and without physically expanding the centre.

Promotions are another example of positive thinking. "We often have merchant associations dedicated to promoting the centre, Mr Dusseldorp says. "The more stingy the previous owner, the more likely it would be that he did not contribute to these.

"By contributing substantially, we get direct control of the use of these funds, better traffic through the centres, goodwill for the new owner, easier negotiations for the next batch of rent reviews, and so it goes on."

The next stage, would be that department store anchors would start feeling the pinch from smaller stores. "Then they start to spend money, on remerchandising and relighting and other things," he says.

Following this physical expansion. "From our preacquisition studies we would have established major expansion possibilities. We have to do the upgrading of the existing centre first but we would not make the acquisition without expansion prospects.

"This is on the same land so the dollar invested yields more from the same infrastructure.

"We have doubled our investment but quadrupled our cash flow in about three years from the Oglethorpe Mall and even now we have two department stores clamouring to come in."

IIP and Oglethorpe cannot handle that at the moment, but it is keen on keeping its anchor tenants happy.

"Key stores deny competition the ability to open up next door. If you do not have Penneys or Sears in your centre, you are extremely vulnerable."

He makes no distinction between the importance of acquiring well and working the acquisition. "You can't work a poorly acquired property well. It hangs like an albatross round your neck," he says.

The British property market demonstrates the results of negative thinking, he says.

"Yields are miserable in the UK compared with those in Australia, Canada and the U.S. The UK market is covered with layers of advisers, surveyors and what not to "avoid" conflicts of interest and to mitigate mistakes."

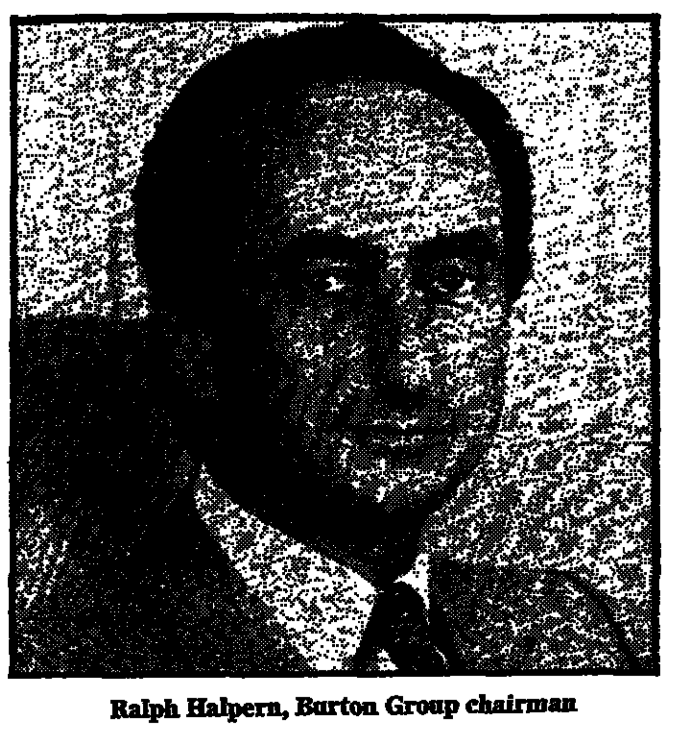
Portfolio of International Income Property

	Retail area (sq ft) Department stores	Mall stores	Total area (acres)	Car spaces	Trade area population
Oglethorpe Mall, Georgia	482,000	341,000	72	4,500	532,000
Northgate Mall, Tennessee	442,000	364,000	79	3,900	426,000
Park City Center, Pennsylvania	713,000	602,000	134	7,200	485,000
Landmark Center, Virginia	562,000	124,000	47	3,900	470,000

Figures include some land and department stores owned by others or under option except Park City, which is half-owned.

PROFILE: BURTON GROUP

Six ways forward



Ralph Halpern, Burton Group chairman

THE BURTON Group seemed to be everywhere last year. Pushing six styles of retailing—Burton, Top Shop, Top Man, Dorothy Perkins, Peter Robinson and the new Principles chain — it added 400,000 sq ft to its trading space in the year to September.

At January's annual general meeting, Mr Ralph Halpern, Burton chairman, said group sales were running 33 per cent ahead of 1983-84. The group is planning to open another 150 stores in 1984-85, including 50 stores for Principles, launched as 1983-84 closed.

A lot has been said about flair and charisma, motivation, social responsibility and the way Burton is positioning itself in various segments of the retail market. But what does all this cost and can Burton afford it? Does it have the financial disciplines to cope with the results?

Mr Michael Wood, finance director, believes it can and does.

Burton last year opened 166 stores, modernised 49, re-sited 17 and extended five. Its total outgo of funds was £87.5m, of which £67.5m related to additions to properties and other tangible assets. The group started the year with £18m of net bank balances and cash, and ended it with £3.5m.

But it is not going to make a habit of spending more than it earns. "You won't see a Burton balance sheet with a significant overdraft created by organic growth. We're comfortable with 300,000 to 400,000 sq ft a year," Mr Wood says.

Burton has a three-point plan for growth. First, increased sales in existing space and greater market share. "Sales increased by 39 per cent . . . to £416m, taking the group's share of the UK clothing market to over 5 per cent," Mr Halpern said in his last chairman's statement.

Second, there are the new stores. Burton acquired 92 Harry Fenton shops from Combined English Stores last year, which accounted for 100,000 of the 400,000 sq ft it added. The group is hoping to add more than 300,000 sq ft in 1984-85.

Finally, Burton wants to develop business in other segments of the retail market. "Two-thirds of our customers are under 30," Mr Wood says. Burton seems likely to aim for the mass markets in men's and women's wear.

Principles can be seen as one indication of this. Targeted at 25 to 30-year-old women in the A, B and C1 consumer classes, the chain is going for a large market and needs rather larger shops with a relatively wide range, occupying 2,000 sq ft and upwards of ground-floor trading space.

Advised by designers Fitch & Company and retail consultants Management Horizons, Principles is pitching for the upper end—or the upper aspirations—of the Marks & Spencer market. Although the Burton team is more inclined to look at the differences, rather than the similarities.

"Research revealed that the potential customers of Principles, though shopping in Britain's high streets, associated themselves with the exciting high fashion of Paris, Milan and London as portrayed in the upmarket glossy magazines," Burton's said.

"The task was to translate the traditional attractions of the haute couture world to which these women aspired and present them in a shop environment on an average UK high street."

M & S's image, meanwhile, is seen as rather more classic, rather less fashionable than this —although fashion writers had noted an injection of fashion styling into the M & S 1985 ranges.

Principles is already producing sales per sq ft well above the Burton average, Mr Wood says. This is a measure of price as well as success, since Principles' lines also have a higher than average unit value —"much more of the £50 to £80 items than you would find in a Top Shop," he says.

And the financial controls? "One of the things I've enjoyed most, working with Ralph Halpern for the last ten years or so is the way he puts numerate functions in front of any others at a board meeting," Mr Wood says.

All the meetings with individual divisions look through five-year programmes for their operating development.

If Burton were expanding as six separate companies, the intake of new stores would be an average 20 to 25 a year, he adds.

PROFILE: CAPITAL & COUNTIES

BY JEFFREY BROWN

Front runner in asset growth

CAPITAL & COUNTIES is one of the top 10 UK property groups and a major force in retail development. Its portfolio is valued at £187m of which 51 per cent is in shop property. This compares with an average retail weighting for the property sector of about 25 per cent.

The group is best known for its big retail centres in Nottingham and Newcastle—both well in excess of 750,000 sq ft—yet its total property portfolio is evenly divided between metropolitan and regional investment. Provincial sites account for 50 per cent with London at 49 per cent.

The two big retail investments account for almost half of the shop portfolio, but retail property overall far from dominates. Offices represent 40 per cent of group property investment with the balance spread across a modest base of warehousing and residential interests.

The group is mainly UK-based, but foreign operations have begun to grow in importance. It has interests in the U.S. and is pushing hard into Australia. Concentrating on suburban offices and light industry, Australia could be producing as much as a 10th of property income by the end of the decade.

In recent years Capital and Counties overall profits have been unexciting, partly reflecting a shift from trading to investment. Trading profits for last year had dwindled to less than £1m compared with £3.3m two years previously.

But the bumper year for the housebuilding division helped push group pre-tax earnings last year to £10.7m from £7.7m in 1982-83. The gross dividend rose by an eighth to 6.71p a share. Five years earlier the payment had stood at 3.06p.

The company is proud of its dividend performance, but the real key to Capital and Counties' high standing in the financial community probably lies with the growth of its asset value. This has tended to head the UK property sector for some years, improving by 12 per cent to 251p a share in 1983-85. Considerable further progress will have been made during the current year following completion of new developments.

The group's London properties read like the more desireable squares on a Monopoly board: Piccadilly, Regent Street and the Strand. It has 291,000 sq ft of office space in these three areas plus retail interests. There are further office and retail sites and more than 100 flats and houses in Belgravia.

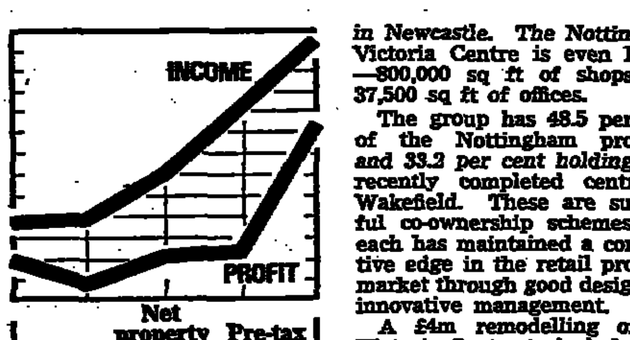
But Capital and Counties main thrust is regional shopping centres. It has a 32.5 per cent stake in 780,000 sq ft of shops and 40,000 sq ft of offices in Newcastle. The Nottingham Victoria Centre is even larger —800,000 sq ft of shops and 37,500 sq ft of offices.

The group has 48.5 per cent of the Nottingham property and 33.2 per cent holding of a recently completed centre in Wakefield. These are successful co-ownership schemes, and each has maintained a competitive edge in the retail property market through good design and innovative management.

A £4m remodelling of the Victoria Centre to include additional units and a 500-seat food court is due to open later this year. Capital and Counties is seeking retail development vigorously. By the close of the decade it could be more than 60 per cent of the property portfolio.

The latest planned scheme is for a £40m development of 430,000 sq ft at Hanley, Stoke-on-Trent, for completion in 1988. There are also hopes for a 60,000 sq ft out-of-town retail centre at Waterlooville.

Proposals for a 1m sq ft scheme on 100 acres at West Thurrock, Essex, must overcome planning hurdles before the scheme can be added to the group portfolio.



	Net property income	Pre-tax profit
	£m	£m
1980	8.3	7.5
1981	8.4	6.9
1982	9.5	7.6
1983	11.2	7.7
1984	12.7	10.7

PROFILE: ROYAL INSURANCE

BY MICHAEL CASSELL

Adventuring where others fear

ROYAL INSURANCE has invested in property for only 15 years but it has made up for its comparatively late entry into the market with a heavy programme. There are no signs of it tailing off in the wake of property's recently disappointing performance, and at the top of the shopping list is the retail market.

Royal's total property investment portfolio stands at just over £700m. Of this, about £500m is held long-term, a further £50m invested in group pension fund property and about £140m is held on behalf of its general insurance business, some £114m of it through the Sterling Estates subsidiary.

Royal Life therefore forms the focus for the group's property investment activity and is putting about £60m a year into the market—about 30 per cent of newly available investment funds.

That level of commitment is not matched by many other major institution. But with property still only accounting for about 18 per cent of total assets, Royal still feels it has some way to go before reaching the desired exposure.

In spite of the lacklustre performance of property in relation to gilts and equities, Royal remains a property fan. Neither is its enthusiasm going to be dented by the group's recent poor results.

With the bulk of its property investments designed to support long-term insurance business, short-term fluctuations in group performance have little impact on projected spending.

Mr David Malcolm, Royal's chief investment manager, says there are no guidelines for apportioning investment funds within the property market, but most of the emphasis is currently on retail. Of new money to be invested by Royal Life this year, as much as £45m of it will be directed towards the shopping sector.

Investments will include everything from single shops to town centre projects. On the assumption that there are no big portfolio acquisitions, probably only about £2m will go on standing shop investments, with the balance for new development. In most cases, Royal Life will fulfil a funding role rather than take on direct development.

Mr Malcolm is aware of suggestions that the retail investment market has become overfashionable and too expensive. But he says big high street retailers are continuing to maintain high street expansion programmes and there is no sign of tenant demand burning itself out.

He accepts that some prime retail markets now offer little scope for sensible investment returns but reckons that Royal is more adventurous than most and is prepared to consider projects in less-obvious locations with potential for income and capital uplift.

A classic example is the Caverns Walk development in Liverpool, built on the site of the city's famous Cavern Club. Two floors of shops are grouped around an impressive atrium and topped with offices. The £6.5m project was undertaken in an area where, Malcolm says, "others feared to tread" but expert local knowledge of the market convinced him the scheme would be a success.

The scheme is between the principal shopping and office areas in an area that was very run-down. But the development provides the sort of shops and environment which Liverpool badly noeeds. Cavern Walks, a relatively small but striking centre, has acted as a catalyst in helping to revive the locality.

Royal already has shopping centres as far afield as Inverness, Falmouth, Swansea and Yarmouth and, until now, it has usually chosen to contract out the management role. But it accepts that, of all forms of property investment, shopping centres can demand more of an "on hands" approach. It has set up a management company specifically to handle the Liverpool centre.

One of Royal's biggest retailing coups came last year when, with Bryant Properties, it won approval for the redevelopment of the old Greater Midlands Co-operative store in High Street, Birmingham. The scheme, which will provide 190,000 sq ft of retailing space, will be worth about £50m, Royal's biggest single property investment to date.

On behalf of the group pension fund, Royal is also developing a 70,000 sq ft office and retail scheme in Exchange Street, Manchester. The completed investment value will be about £9m. Othr Royal retail developments include a £20m joint project with Hardanger at Pride Hill, Shrewsbury, and a direct development in Henry Street, Dublin, where a former Woolworth store is being converted into four units.

Royal has resisted the temptation to make the quantum leap to property investments overseas, though it might eventually do so. In the meantime, it says it has more than enough opportunities in the UK.

FT LAW REPORT

Court discharges sequestration writs against NUM

RICHARD READ TRANSPORT LTD v NUM SOUTH WALES
GEORGE M. READ LTD. v NUM SOUTH WALES
Queen's Bench Division: Mr Justice Scott: March 12 1985

IF LEAVE is given to issue writs of sequestration partly for the purpose of providing machinery for collection of fines and partly to punish contempt of court, the writs will be discharged when those purposes are fulfilled, without further need for apology to the court or for an undertaking not to repeat the contempt.

Mr Justice Scott so held when discharging writs of sequestration issued against the National Union of Mineworkers, South Wales Area, in two actions brought against the union by plaintiffs, Richard Read (Transport) Ltd. and George M. Read Ltd., respectively.

* * *

HIS LORDSHIP said that the plaintiffs were hauliers whose business it was to transport coke to the Port Talbot steelworks. The actions arose out of the miners' strike in the course of which the union organised picketing at the steelworks, to try to prevent delivery of coke supplies.

On April 17 1984 Sir Douglas Frank, sitting as a deputy High Court judge, ordered that the union be restrained from continuing to instruct or encourage its members to interfere with the free passage of the plaintiffs' vehicles in or out of the steelworks, or abusing or threatening the drivers. The union did not appear at the hearing.

On July 19 the plaintiffs moved against the union for contempt of court in continuing to instruct or encourage its members to interfere with the free passage of the vehicles. The motions came before Mr Justice Park who found the contempts proved. The union did not appear.

Mr Justice Park fined the union £25,000 in each action, and gave the plaintiffs leave to issue writs of sequestration against it. The union did not pay the fines. Accordingly, on August 1, writs of sequestration were issued, directing sequestrators to enter upon and hold the union's assets until it paid.

The sequestrators set about the task of collecting the assets. They succeeded in collecting £706,966 and then applied to the court for directions. The applications came before Mr Justice Hutchison on August 16. He ordered that the fines, costs and expenses be paid out of the fund. Further directions were given by Mr Justice Leggatt on September 21.

Pursuant to those orders the sequestrators paid the two £25,000 fines on October 11. The *union did not* appear before Mr Justice Hutchison or before Mr Justice Leggatt.

By the present applications the union asked that it be adjudged to have purged its contempt and that the writs of sequestration be discharged. It did not offer any apology for the serious contempts and did not give any assurances of intention in the future to abide by the terms of the injunctions granted by Sir Douglas Frank.

Mr McMullen, for the union, contended that the contempt was purged by payment of the fines, and that even if payment had not purged the contempts, the duration of the sequestration had done so and its continuance would serve no useful purpose.

He submitted that the two £25,000 fines represented the punishment imposed by Mr Justice Park to deal with the union's breaches of the injunctions. The judge, he submitted, did not intend the writs to constitute an additional punishment, but simply to provide the machinery to enforce collection of the fines.

Accordingly, he said, once the fines had been paid by the sequestrators, the writs had served their intended purpose and, subject to provision for costs and expenses, ought to be discharged.

It would be wrong, said Mr McMullen, to require anything more from the union in the way of apology or assurances as a condition of discharging the sequestration. To do so would be to treat the writs as additional punishment for the contempt, a purpose not intended by Mr Justice Park.

He referred to cases which made it clear that if leave to issue a writ of sequestration were given simply to enable a fine to be collected, then, once the fine had been paid, the contempt was cleared and the writ ought to be discharged (see: *Heatons Transport [1972] ICR 285, Goad [1973] ICR 42, 108* and *Con-Mech [1973] ICR 620, [1974] ICR 332, 464*).

Those cases did not, however, deal with the position where leave for the issue of a writ of sequestration had been granted not simply as machinery for collection of a fine, but also as a substantive response to the proven contempt and with the intention of obtaining obedience to the orders of the court.

Mr McMullen might be right as to Mr Justice Park's intention. If the fines had been paid within 48 hours the writs would not have been issued. But it was not clear from his judgment that his purpose was as limited as Mr McMullen contended. It would be *assumed*, therefore, that the judge, in granting leave to issue the writs, had a broader purpose in mind than mere machinery for collection of the fines.

In *re Barrell Enterprises [1973] 1 WLR 19, 27*, a case dealing with imprisonment for contempt, Lord Justice Russell said that where a person was committed for contempt, there were two reasons for imprisonment: "One *is* that of punishment for disobedience to the order of the court; the other is that of seeking to enforce the order."

The same applied to writs of sequestration. The court must consider whether, for the purpose of punishment or for enforcement of the injunctions, the sequestration ought to continue.

In *Enfield BC v Mahony [1983] 1 WLR 749,755,756*, Lord Justice Watkins, considering the release of a contemnor from prison, said: "Of the two elements of the punishment inflicted . . . one has by now been served, namely, that of punishment for the contempt itself. . . . It being obvious . . . now that no form of coercion . . . is going to cause this man to change his mind, it is pointless to keep him where he is." He did not accept counsel's contention that the court's power to order the release of a contemnor should be exercised with considerable care and "only if it is plainly demonstrated that he has purged his contempt."

Lord Justice May agreed. He said, at page 758: "Once the contempt has been adequately punished, the contemnor should not be punished further for what is effectively the same contempt."

Those principles must be applied to the present case.

As to punishment, the union had suffered fines totalling £50,000. In addition it had been deprived of £706,466 for over seven months. The fines and the writs of sequestration had imposed adequate punishment for breaches of the injunctions.

As to the function of the writs in securing obedience to the injunctions, that function had been served. Since August 1 1984 there had been no complaints of any further breaches. The strike was now over and the occasion for further breaches had gone.

In those circumstances the writs of sequestration had served the purpose for which Mr Justice Park might, one one view, have intended them, and they ought now to be discharged.

The court was not troubled by the absence of a formal apology. Its dignity did not depend on or require an enforced public recantation, the sincerity of which might, in the circumstances, be open to question.

It was important that the rule of law should prevail and be seen to prevail. That object had been achieved. The union had been fined; it had been deprived of the use of over £700,000 for more than seven months it had obeyed the injunctions since the writs of sequestration were issued; and it had recognised the authority of the court by making the present applications.

In those circumstances the absence of formal apology was not material.

Mr Page, for the sequestrators, suggested that the court might impose terms on the union as a condition of discharge of the writs. There were two suggested terms. The first related to a letter dated October 25 1984 from the sequestrators to the South Wales Area union, asking for certain information about assets of the National Union of Mineworkers. The letter had never been answered.

Mr Page suggested that the union might be put on terms to provide the information sought.

That would not be right. If the writs of sequestration had served their purpose, they should be discharged. It would be wrong to use them as a lever to assist the sequestrators.

Mr Page also suggested that the union might be put on terms to file an affidavit setting out the details of certain funds which it might have received over the past four or five months from the Transport and General Workers' Union and for which it had failed to account to the sequestrators.

The order made by Mr Justice Hutchison on August 16 had the effect of suspending the sequestration in respect of all union assets other than the £706,966 collected by the sequestrators. It could therefore not have been under any obligation to account to the sequestrators for funds which came into its hands thereafter.

The contempt referred to in the writs of sequestration had been cleared and, subject to provision being made for the outstanding costs and expenses, the writs were discharged.

For the union: Jeremy McMullen (Brian Thompson and Partners, Cardiff).

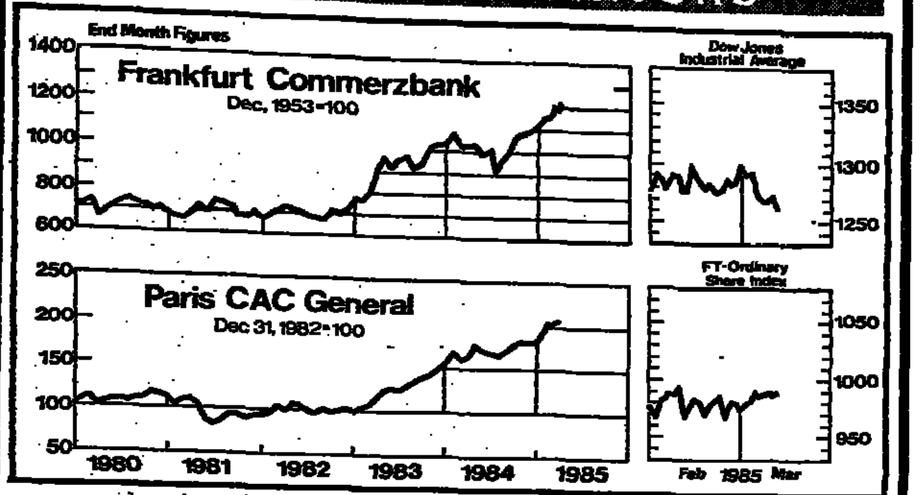
For the sequestrators: Howard Page (Clifford Turner).

By Rachel Davies
Barrister

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Friday March 15 1985

Protests force EEC to raise cereal export subsidies, Page 40

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Mar 14	Previous	Year ago
DJ Industrials	1,260.05	1,271.75	1,166.04
DJ Transport	605.74	615.59	513.27
DJ Utilities	147.93	148.03	126.25
S&P Composite	177.84	179.66	156.77
LONDON			
FT Ord	990.1	987.4	875.6
FT-SE 100	1,299.7	1,295.2	1,087.7
FT-A All-share	625.62	624.79	518.74
FT-A 500	684.83	683.41	563.17
FT Gold mines	485.9	484.1	688.9
FT-A Long gilt	10.86	10.81	10.21
TOKYO			
Nikkei-Dow	12,405.03	12,419.26	10,324.0
Tokyo SE	*993.92*	*986.53*	*818.94*
AUSTRALIA			
All Ord.	789.0	787.4	721.6
Metals & Mins.	473.5	471.2	497.8
AUSTRIA			
Credit Aktien	72.03	72.42	55.11
BELGIUM			
Belgian SE	2,308.34	2,310.05	–
CANADA			
Toronto			
Metals & Minls	2,019.4	2,059.0	2,312.0
Composite	2,588.0	2,607.6	2,411.0
Montreal			
Portfolio	129.2	130.54	118.51
DENMARK			
Copenhagen SE	176.19	174.44	190.51
FRANCE			
CAC Gen	208.4	206.4	160.4
Ind. Tendance	112.7	113.1	85.12
WEST GERMANY			
FAZ-Aktien	415.56	419.27	344.68
Commerzbank	1,202.5	1,214.3	1,011.9
HONG KONG			
Hang Seng	1,356.35	1,335.82	1,099.26
ITALY			
Banca Comm.	276.75	276.96	217.53
NETHERLANDS			
ANP-CBS Gen	208.7	209.7	157.4
ANP-CBS Ind	165.7	165.6	130.5
NORWAY			
Oslo SE	320.69	328.14	250.37
SINGAPORE			
Straits Times	836.94	831.31	1,001.17
SOUTH AFRICA			
Golds	n/a	924.6	1,054.0
Industrials	n/a	846.6	1,059.5
SPAIN			
Madrid SE	111.05	111.36	82.86
SWEDEN			
J & P	1,441.15	1,444.17	1,502.05
SWITZERLAND			
Swiss Bank Ind	429.3	428.9	362.3
WORLD	Mar 13	Prev	Year ago
Capital Int'l	196.0	196.6	184.8

GOLD (per ounce)

	Mar 14	Prev
London	$291.75	$293.50
Zürich	$291.75	$291.75
Paris (fixing)	$289.63	$289.78
Luxembourg	$290.40	$290.30
New York (Apr)	$291.80	$291.90

* *Latest available figure*

CURRENCIES

(London)	U.S. DOLLAR Mar 14	U.S. DOLLAR Previous	STERLING Mar 14	STERLING Previous
$	–	–	1.0805	1.086
DM	3.3845	3.358	3.655	3.645
Yen	260.5	260.15	281.5	282.5
FFr	10.3375	10.255	11.1725	11.125
SwFr	2.8785	2.8485	3.11	3.0975
Guilder	3.83	3.7935	4.14	4.12
Lira	2,125.5	2,103.5	2,293.5	2,283.75
BFr	68.05	67.35	73.55	73.15
C$	1.3895	1.389	1.503	1.509

INTEREST RATES

Euro-currencies (3-month offered rate)	Mar 14	Prev
£	13⅞	14
SwFr	5 15/16	5⅞
DM	6⅝	6⅝
FFr	11 7/16	11⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 9/16	9 5/16
6-month U.S.$	10⅛	9
U.S. Fed Funds	9 1/16	9
U.S. 3-month CDs	9.10	8.95
U.S. 3-month T-bills	8.72	8.64

U.S BONDS

Treasury		Mar 14* Price	Mar 14* Yield	Prev Price	Prev Yield
10	1987	98 19/32	10.828	98 22/32	10.754
11⅝	1992	98 24/32	11.878	98 29/32	11.844
11¼	1995	96 7/32	11.906	96 11/32	11.884
11¼	2015	95 5/32	11.84	95 10/32	11.82

Corporate	Mar 14* Price	Mar 14* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	94½	11.80	94	11.80
3⅞ July 1990	*73½*	*10.55*	*73½*	*10.55*
8⅜ May 2000	74⅝	12.50	74⅝	12.50
Xerox				
10⅞ March 1993	91⅝	12.30	91⅝	12.30
Diamond Shamrock				
10⅜ May 1993	91⅛	12.40	91⅛	12.40
Federated Dept Stores				
10⅜ May 2013	84.803	12.60	84.803	12.60
Abbot Lab				
11.80 Feb 2013	93.465	12.65	93.465	12.65
Alcoa				
12¼ Dec 2012	94.362	13.00	94.362	13.00

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	69–02	69–03	68–26	69–07
U.S. Treasury Bills (IMM) $1m points of 100%				
March	89.51	89.54	89.49	89.63
Certificates of Deposit (IMM) $1m points of 100%				
March	90.84	90.84	90.77	90.87
LONDON				
Three-month Eurodollar $1m points of 100%				
June	89.22	89.32	89.16	89.34
20-year Notional Gilt £50,000 32nds of 100%				
March	103–28	103–26	103–16	103–27

COMMODITIES

(London)	Mar 14	Prev
Silver (spot fixing)	523.50p	513.35p
Copper (cash)	£1,258.50	£1,258.50
Coffee (March)	£2,377.00	£2,370.00
Oil (spot Arabian light)	$27.70	$27.70

WALL STREET

Measure of stability returns

A MEASURE of stability returned to Wall Street stockmarkets yesterday after Wednesday's sharp fall, while bond prices, which were little changed for much of the session, turned lower late in the day, *writes Michael Morgan in New York.*

Stocks quickly overcame early weakness to trade slightly above overnight levels for much of the day, but the advantage was not maintained, and the Dow Jones industrial average turned lower in the last half hour to close down 1.65 at 1,260.05. Volume totalled 103m shares compared with the previous day's 102m.

In the credit markets, prices of Treasury coupon issues were mixed in the wake of a federal funds rate that opened at 9 per cent and ahead of money supply figures, due late in the day. In the event, the $400m decline in the M1 measure was in line with market expectations. However, other figures on bank borrowings from the Fed indicated that the central bank was keeping a tight hold on money.

The price of the long bond, the 11¼ per cent of 2015, fell 5/32 to 94 31/32 while declines of up to 12/32 were seen in prices of Treasury notes.

In the money markets, yields on Treasury bills continued to rise. The three-month bill, yielding 8.72 per cent, was 16 basis points higher while the six-month bill, yielding 9.13 per cent, was 15 basis points higher. Yields on certificates of deposit were up to 20 basis points higher.

U.S. Trust announced that it was raising its broker loan rate to 9¾ per cent from 9½ per cent, a move quickly followed by Bankers Trust, which raised its rate to 10 per cent from 9½ per cent. Other banks currently charge between 9¾ per cent and 9½ per cent.

In the stock markets, weakness among the aerospace issues was attributed to profit-taking after the sector's recent *strong showing. Boeing fell $1⅛ to* $62¼, McDonnell Douglas $2⅛ to $77¼, General Dynamics $1⅞ to $73 and Lockheed $⅜ to $48½.

ITT added $⅝ to $32½. The Securities and Exchange Commission is to rule in the coming week on whether the group must include an investor proposal to liquidate the company in its annual meeting proxy material.

Among the technology issues which led the rout of the previous session, Burroughs fell $⅜ to $59⅝, NCR shed $¼ to $27¼, Amdahl added $⅛ to $14⅜, Honeywell shed $1 to $59⅝ and Sperry was $1½ lower at $50¼. IBM lost $1 at $129.

International Harvester was unchanged at $10⅛ after Tenneco announced its intention to take up its option of purchasing Harvester's subsidiaries in France, West Germany and Denmark. Tenneco dipped $¼ to 40⅛.

A mixed picture emerged among the minicomputer manufacturers, with Digital Equipment up $1 at $100⅝, Data General $⅝ higher at $46½ and Wang Laboratories was unchanged at $20. Prime Computer, however, fell $½ to $15⅞ and Tandem Computers was unchanged at $20½. Computervision was also unchanged, at $23⅞.

National Semiconductor traded $¼ higher at $10⅞ following its lower third-quarter net earnings.

On the takeover front, American Natural Resources added $1 to $64¼ in heavy trading as it agreed to be acquired by Coastal Corporation. Coastal put on $2⅜ to trade at $37½.

Castle & Cooke put on $½ to $11½ as Mr Irwin Jacobs, the Minneapolis investor, said he planned to top the offer for the food products and property group made by Los Angeles investor, Mr David Murdock, through his Flexi-Van group. Flexi-Van traded $¼ higher to $31⅝.

Eastman Kodak dipped $⅝ to $68⅝ after its agreement to buy Verbatim, the floppy disk manufacturer. Verbatim put on $1⅛ to $7⅞ in heavy trading.

Elsewhere, retailer K mart fell $1½ to $33⅝ after lower fourth-quarter net earnings.

LONDON

Oil trauma dispelled by good results

THE BNOC trauma proved short-lived with little further impact on London shares yesterday. A slightly easier trend in sterling provoked selective U.S. interest for leading equities, and the FT Ordinary index, which opened 3 points down, finished 2.7 higher on balance at 990.1.

Further healthy trading statements drew investor interest. TI's preliminary found favour and ended 20p higher at 240p

Long gilts shed up to ½ while shorts settled marginally higher.

Chief price changes, Page 34; Details, Page 35; Share information service, Pages 36–37

SINGAPORE

A LATE burst of activity buoyed Singapore and boosted the Straits Times index 5.63 higher to 836.94. Demand focused on industrials, finance and property sectors.

Pan Electric firmed 11 cents to S$3.08, Haw Par added 12 cents to S$2.47 and DBS was 5 cents higher at S$6.15.

MUI, which revealed higher 1984 profits and dividend, was most active and gained 4 cents to S$2.52.

Ssangyong recovered some of Wednesday's weakness *with a 6-cent rise to* S$2.44.

AUSTRALIA

FURTHER progress was made in a slightly firmer Sydney as the All Ordinaries index edged 1.6 higher to 789.0.

Resource issues again set the pace as the Australian dollar weakened giving the large *mine* exporters a healthier profits outlook. The All Resources index rose 1.6 to 498.8.

BHP held steady at A$5.62 despite its latest Timor Sea setback, and Bell Resources gained 16 cents to A$5.40 while Placer picked up 20 cents to A$24.20.

SOUTH AFRICA

THE *STEADY* bullion price gave further strength to Johannesburg gold shares, while industrials showed some signs of life.

Vaal Reefs ended R2 higher at R179 although Randfontein was marked down R1.50 to R179. Mining financials were mostly unchanged.

Industrial leader Barlow Rand gained 3 cents to R9.73 while *AE&CI added 10* cents to R6.70 after results.

HONG KONG

THE SWIFT rebound *in Hong Kong* took many investors by surprise. The 20.53 advance in the Hang Seng index to 1,356.35 was the best rally this month and was partly attributed to recent corporate news.

Hongkong and Kowloon Wharf, currently in hot pursuit of Wheelock Marden, firmed 15 cents to HK$5.40. It now *holds* 48.35 per cent of the voting rights of Wheelock, which finished steady at HK$7.40.

EUROPE

Rates fears bring mixed response

THE SHARP overnight drop on Wall Street, coupled with fears of upward pressure on interest rates, left European bourses narrowly mixed yesterday, with Switzerland providing the only note of optimism.

Uncertainty ahead of the Bundesbank council meeting, which after the close of trading resolved to leave key *lending* rates unchanged, and continued profit-taking contributed to a sharp fall in **Frankfurt.**

The Commerzbank index slipped 11.8 to 1,202.5, well below Tuesday's record high.

Siemens suffered a heavy drop on profit-taking. The electrical group lost DM 12 to DM 558 under heavy *selling* pressure.

In banks, Deutsche Bank moved lower for the second straight session, dropping DM 5.20 to DM 418.30. Commerzbank and Dresdner eased DM 1.80 to DM 164.20 and DM 1.20 to DM 185 ex-rights, respectively.

Strong results at Lufthansa were largely discounted, and the airline continued its downward trend to end DM 3.50 off at DM 191.50.

Deutsche Babcock, which has resumed paying dividends to ordinary shareholders, resisted the slide and put on 50 pfg to DM 168. The engineering group expects to remain in the black this year.

Profit-taking struck Porsche, which lost DM 15 to DM 1,365, and other motor issues were also hit. VW finished DM 3.40 off at DM 196.60, and Daimler lost DM 4.50 to DM 683.50.

Bonds ended mixed after a hesitant session, and the Bundesbank sold about DM 20.2m worth of paper into the market, compared with DM 31.8m the previous day.

In **Amsterdam,** results from Royal Dutch/Shell were viewed with disappointment, and stocks drifted downwards. The international oil group lost Fl 1.60 to Fl 204.40, after trading narrowly up earlier in the day.

Most other issues succumbed to the sentiment. Nederlandsche Middenstandsbank, however, recorded a gain of Fl 1.20 at Fl 177.40.

Among other blue-chip issues, Unilever fell Fl 2 to Fl 351, Akzo lost Fl 1.80 to Fl 113 and Philips slipped 70 cents to Fl 62.70, amid reports of a joint venture with AT & T for Transport Ministry telephone exchanges.

Insurer Aegon was again lower, off Fl 2.50 at Fl 183. The ANP-CBS General index dropped 1.0 to 208.7.

Bond prices were weaker as the higher dollar depressed activity, and the *CBS Bond index lost 0.1 to 102.5.* The two most recent state issues both fell 10 basis points, with the latest 8 per cent loan ending at 99.3 per cent and the previous 7.5 per cent issue settling at 96.6 per cent.

A relatively low-yielding 8 per cent 1969-80/94 issue fell a larger-than-average 80 basis points to 98.7.

***Zurich** investors were encouraged by* favourable company results.

Jacobs-Suchard picked up SwFr 75 to SwFr 6,325 after announcing improved profits and a one-for-three rights issue on Wednesday. Swissair rose SwFr 5 to SwFr 1,160 ahead of higher profits for 1984.

Brussels ended narrowly lower with Hoboken, off BFr 90 at BFr 5,820, recording one of the greatest declines.

Petrofina was BFr 10 lower at BFr 7,040, Cockerill BFr 1 off at BFr 277, and Kreditbank, an exception, ended unchanged at BFr 8,400.

Profit-taking in **Paris,** after the firmer *tone set over the past 10 days,* took prices lower in most sectors. Investors began cutting long positions in advance of the end of the trading account next week.

In **Milan,** Fiat issues proved the only excitement in an otherwise subdued session. The vehicle manufacturer was heavily traded to end at a high for the year of L3040, up L40. Reports of a link with Ford of the U.S. have been boosting prices.

Olivetti also gained, by L35 to L6,800 after increased earnings for 1984.

Lack of interest in **Stockholm** and **Madrid** left most sectors mixed to lower.

TOKYO

Enthusiasm dampened by profit-taking

A BOUT of profit-taking following Wall Street's *overnight plunge slightly* dampened Tokyo share prices yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

In the depressed market, financial stocks rose almost across the board, however. Nomura Securities, Daiwa Securities and Yamaichi Securities hit all-time highs, and non-life insurances such as Tokio Marine and Fire Insurance and *trust banks attracted buyers.*

Buying interest was also evident in new materials-related stocks such as Nippon Kinzoku and large-capital issues such as Mitsubishi Heavy Industries.

The Nikkei-Dow market average lost 14.23 to 12,405.03 on volume of 472m shares, down from Wednesday's 536m. Declines outpaced advances by 393 to 352, *with 171 issues unchanged.*

Investors turned their attention to financial stocks. Nomura Securities gained Y80 to Y1,230, Daiwa Securities Y19 to Y852, and Yamaichi Securities Y38 to Y738, all surpassing the previous highs recorded last week.

Among non-life insurances, Tokio Marine and Fire Insurance and Yasuda Fire and Marine Insurance each added Y24 to Y871 and Y455, respectively. City and regional banks also gained strength, with Sumitomo Trust and Banking putting on Y100 to Y1,100 and *Sumitomo* Bank Y80 to Y1,840.

Mitsubishi Heavy Industries, which posted the largest gain among large-capital issues on Wednesday, suffered a round of profit-taking in the morning. It eased Y4 at one stage but finished Y4 up at Y275, topping the active list with 45.89m shares.

The bond market held steady in thin trading. An unexpected bulge in U.S. retail sales in February and the easing of U.S. Treasury bonds left many investors sitting on the sidelines.

Many *institutional* investors remained passive because of uncertainty over the future course of U.S. interest rates. The yield on the benchmark 7.3 per cent 10-year government bond due in December 1993 remained unchanged at 6.825 per cent.

CANADA

LOSSES sustained in the previous session were extended yesterday in Toronto.

Among actively traded issues were Dome Petroleum up 1 cent to C$2.74, Union Enterprises C$⅛ cheaper at C$11⅞, Inco C$⅛ easier at C$17⅞, and Massey Ferguson 30 cents off at C$2.75

Banks resisted selling pressure in Montreal as industrials and utilities weakened.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16⅛	AAR	.48	2.4	16	9	20⅛	20⅛	20⅛	+⅛
22	9⅜	AGS			11	55	14¼	14¼	14¼	
17⅞	13¼	AMF	.50	3.0	38	112	16⅞	16⅝	16⅞	
43¼	24¼	AMR			9	1561	40⅜	39¾	40	
20⅜	18¼	AMR pf2.18		11.		9	20	19⅞	20	
25⅞	22⅞	ANR pf 2.67		11.		18	25¼	25	25	−¼
23	19	ANR pf 2.12		10.		3	21	21	21	
14¼	8½	APL			3	58	10½	9¾	9¾	−¾
67¼	44⅜	ASA	2	4.1		174	48¾	48⅜	48⅝	+⅛
27	16	AVX	.32	1.5	13	858	21¾	20½	21¾	+1¼
50⅛	36¾	AbtLab	1.40	2.8	15	1245	49⅞	49⅜	49⅝	+¼
25⅞	16½	AccoWds	.44	1.9	19	238	23⅞	23⅝	23¾	+⅜
22½	12½	AcmeC	.40	2.5		78	16	15⅝	15¾	
10¾	8¼	AcmeE	.32b	3.3	12	11	9⅝	9⅝	9⅝	−⅛
17⅜	15	AdaEx	2.11e	13.		94	16⅝	16⅜	16½	
20	11⅞	AdmMl	.32	1.9	7	136	17⅛	16¼	17⅛	+⅝
19½	8⅝	AdvSys	.81t	7.0	19	28	11⅞	11½	11½	−¼
41⅛	25⅛	AMD			13	6857	31⅛	30¼	30⅝	−⅜
12¾	6⅞	Advest	.12	1.1		53	10¾	10⅝	10⅝	
14⅝	8¾	Aeriflex			12	119	12⅞	12¾	12¾	−¼
42⅝	27¼	AetnLf	2.64	6.6	38	1404	40⅛	39⅞	39⅞	−¼
58¾	52⅜	AetL pf5.83e		11.		111	55	54½	54½	+¼
32⅛	15¾	Ahmns	1.20	4.0	17	750	30¼	30	30⅛	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 33

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		Westvc	1.32	3.5	8	199	38½	38⅛	38⅛	-¼
		Weyerh	1.30	4.5	19	4436	28⅞	28¼	28¾	-¼
		Weyr	pf2.80	7.1		150	40⅛	39¼	39⅜	-⅞
		Weyr	pr4.50	9.3		29	48⅞	48½	48⅝	
		WhelPit				33	12	12	12	
		WPit	pfB			z440	26⅛	26	26	
		WhPit	pf			z110	21⅝	21½	21⅝	-⅛
		Whirlpl	2	4.3	9	548	46½	45½	46¼	
		WhitC	1.50	5.2		162	29¼	28¼	28¾	+½
		Whdehl			10	29	25¼	24¾	25	
		Whittak	.60	2.4	10	837	25	24½	24¾	+¼
		Wiebldt			4.0	43	11⅛	10⅞	10⅞	
		Wilfrd	n		13	4	13⅜	13⅛	13⅛	-⅛
43⅞	29⅞	Wolwth	1.80	4.5	10	532	40	39⅝	40	+¼
5¼	2⅜	WrldAr				6	3½	3½	3½	
61	45⅜	Wrigly	1.80a	3.1	10	40	58	57¾	57⅞	-⅛
18½	10¾	WyleLb	.32	2.5	10	61	13	13	13	
21⅞	16¾	Wynns	.60	2.7	8	244	u23⅜	22	22½	+⅝
			X Y Z							
46¼	33¼	Xerox	3	7.0	17	2040	43⅛	42½	42⅞	-⅛
51⅜	45¼	Xerox	pf5.45	11		1171	49⅝	49½	49⅝	+¼
30	24	ZaleCp	1.32	4.5	9	11	29¼	29	29¼	+⅛
24⅞	13⅜	Zapata	.84	6.2	16	354	13¾	13½	13⅝	-⅛
58	30	Zayre	.40b	.7	14	425	55	54	55	+1
31¼	18⅛	ZenithE			7	456	21½	21¼	21¼	-¼
21⅞	14⅜	Zero	.s		19	57	20⅛	19¾	20⅛	+⅛
31⅜	21⅛	Zurnin	1.32	4.6	10	70	28⅞	28½	28½	-½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 *per cent or more has been paid, the year's high-low range and* dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by *such companies. wd–when distributed. wi–when issued.* ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Mar. 14	Price Sch.	+ or −
Creditanstalt	240	+1
Goesse	465	−2
Interunfall	490	10
Laenderbank	240	−1
Perlmooser	408	−11
Steyr-Daimler	173	−2
Veitscher Mag.	384	+4

BELGIUM/LUXEMBOURG

Mar. 14	Price Frs.	+ or −
B.B.L.	1,890	......
Banq. Int. A. Lux	6,100	+50
Bekaert B.	5,940	......
Ciment CBR	2,685	−10
Cockerill	277	+1
Delhaize	8,000	......
EBES	3,020	−30
Electrobel	8,700	+50
Fabrique Nat	2,150	......
GB Inno BM	3,460	......
GBL (Brux)	2,145	−20
Gevaert	4,260	−10
Hoboken	6,820	−90
Intercom	2,275	−15
Kredietbank	8,400	......
Pan Hldgs	11,500	......
Petrofina	7,040	−10
Royale Belge	10,850	......
Soc. Gen. Banq	3,440	......
Soc. Gen. Belge	2,015	−10
Sofina	7,990	−20
Solvay	4,440	+20
Stanwick Intl.	1,570	+10
Tractionel	4,350	+10
UCB	5,300	10
Wagon Lits	2,685	−15

DENMARK

Mar. 14	Price Knr %	+ or −
Andelsbanken	295	+7
Baltic Skand	625	+5
CopHandelsbank	292	+7
D. Sukkerfab	540	+5
Danske Bank	284	+7
De Danske Luft.	1,245	......
East Asiatic	168	+4
Forenede Brygg.	860	+10
Forenede Damp.	98	+5
GNT Hldg	415	−9
I.S.S.B.	395	+5
Jyske Bank	635	......
Novo Ind.	1,550	−10
Privatbanken	245	+5
Provinsbanken	306	+6
Smidth (F)	224	+2
Sophus Berend	980	+16
Superfos	484	+4

FRANCE

Mar. 14	Price Frs.	+ or −
Emprunt 4½% 1973	1649	+4
Emprunt 7% 1973	7,660	+10
Accor	276.5	......
Air Liquide	628	−2
BIC	552	−4
Bongrain	1,875	5
Bouygues	650	−8
BSN Gervais	2,350	−20
CIT-Alcatel	1,248	+2
Carrefour	1,955	5
Club Mediter'n	1,225	−10
Cie Bancaire	600	......
Cofimeg	266.2	−0.8
Damart	2,261	......
Darty	1,219	−48
Dumez S.A.	593	8
Eaux (Cie Gen)	578	+4
Elf-Aquitane	246.5	1.4
Essilor	2,970	......
Gen. Occidentale	763	−7
Imetal	92.5	−1.4
Lafarge Coppee	435	−2
L'Oreal	2,397	−37
Legrand	2,200	......
Maisons Phenix	225.5	−0.4
Matra S.A.	1,610	−10
Michelin B	903	−17
Midi (Cie)	2,720	−14
Moet Hennessy	1,935	−35
Moulinex	111.9	−2.5
Nord Est	81	−0.8
Pernod Ricard	706	−5
Perrier	535	−3
Petroles Fra.	276	−1.9
Peugeot S.A.	291.8	−6.8
Printemp.Aus	215.6	−0.4
Radiotech	271.5	+0.4
Redoute	1,305	−4
Roussel Uclaf	1,689	+14
Sefimeg	323	−1
SkisRossignol	2 000	−33
Telemech Elect.	2 430	−11
Thomson CSF.	464	−2
Valeo	231	+0.9

GERMANY

Mar. 14	Price Dm.	+ or −
AEG Telef.	108	−1.5
Allianz Vers	1025xr	−9
BASF	207.1	−4.9
Bayer	217.8	−2.7
Bayer-Hypo	317.5	−3.5
Bayer-Verein	322	−2
BHF-Bank	288	−7
BMW	380	−4.5
Brown Boveri	214	......
Commerzbank	164.8	−1.8
Cont'l. Gummi	136	......
Daimler-Benz	683.5	−4.5
Degussa	352	−1
D'sche Babcock	168	+0.5
Deutsche Bank	418.3	−5.2
Dresdner Bank	185xr	−1.2
GHH	156	+1.5
Hochtief	468	+8
Hoechst	208.7	−4.6
Hoesch Werke	111.5	−2.2
Holzmann (P)	402	......
Horten	172	+3
Hussel	288.5	−1.5
Karstadt	209	−3
Kaufhof	219	+3.2
KHD	26.3xr	+1.5
Kloeckner	79.8	−1.2
Linde	410.5	−7
Lufthansa	191.5	−3.5
MAN	152	−4
Mannesmann	154.5	−3
Mercedes Hld.	597.5	−6
Metallgesell	270	+9
Munech Rueck	1150	−2
Nixdorf	556.5	......
Porsche	1365	−15
Preussag	274.1	+0.6
Rhein West Elect	150.5	−0.5
Rosenthal	240.5	+3.5
Schering	456	−10
Siemens	558	−12
Thyssen	102.3	−1
Varta	181.8	−0.8
Veba	176.7	+0.2
V.E.W.	121.5	......
Verein-West.	311	−2
Volkswagen	196.6	−3.4

ITALY

Mar. 14	Price Lira	+ or −
Banca Com'le	17,770	−250
Bastogi-IRBS	195	−1
B. I.-Invest.	3,585	......
Centrale	3,390	+20
Credito Varesino	4,150	−60
Fiat	3,040	+40
Finsider	62.2	−0.3
Generali Assicur.	41,250	+500
Italcementi	84,100	−260
La Rinascente	662	−8.5
Montedison	1,487	−2
Olivetti	6,860	+24
Pirelli Co.	4,365	−10
Pirelli Spa	2,242	−18
Snia BPD	2,942	−27
Toro Assic.	14,750	−160
do. Pref	11,190	−101

NETHERLANDS

Mar. 14	Price Fls	+ or −
ACF Holding	200.5	+0.5
AEGON	183	−2.5
Ahold	226	−3.5
AKZO	113	−1.8
ABN	398	−4.5
AMEV	219.5	−0.3
AMRO	75.1	−1.2
Bredero Cert.	151	−2.5
Bos Kalis Westm.	15.3	−0.2
Buehrmann-Tet.	88.5	−0.5
Calland Hldgs.	37.5	−0.4
Dordtsche Pet'm	180	−1
Elsevier-NDU	115	−0.5
Fokker	101.5	+0.5
Gist Brocades	186	......
Heineken	187	−0.1
Hoogovens	62.5	−0.9
Int Mueller	50	......
KLM	62	−0.4
Naarden	48.7	−0.3
Nat Ned Cert	270.5	−0.5
Ned Mid Bank	177.4	+1.2
Nedlloyd	176.1	−1.1
Oce Grinten	311.5	−2.5
Ommeren (Van)	30.6	−0.1
Pakhoed	68.5	−0.5
Philips	62.7	−0.7
Robeco	76.7	−0.2
Rodamco	139.8	+0.2
Rolinco	69.4	−0.2
Rorento	44.2	+0.1
Royal Dutch	204.4	−1.6
Unilever	351	−2
VMF Stork	147.8	+0.8
VNU	213	−2
West Utr Bank	101	−5

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Mar. 14	Price Kroner	+ or −
Bergens Bank	146	+12
Borregaard	376	−14
Christiania Bank	143	......
DenNorske Cred	159	−5
Elkem	148	−6
Kvaerner	178	−12
Norsk Data	415	−5
Norsk Hydro.	106.5	−0.5
Storebrand	245	+3

SPAIN

Mar. 14	Price Pta %	+ or −
Bco Bilbao	340	......
Bco Central	313	......
Bco Exterior	203	......
Bco Hispano	157	−3
Bco Popular	387	+5
Bco Santander	350	......
Dragados	174.5	−1.5
Hidrola	81.7	−0.8
Iberduero	64	+0.5
Petroleos	148.5	−3
Telefonica	125	..

SWEDEN

Mar. 14	Price Kronor	+ or −
AGA	385	+2
Alfa Laval	190	3
ASEA (Free)	315	+5
Astra (Free)	360	+30
Atlas Copco	106	−2
Cardo (Free)	250	......
Cellulosa	122	−1
Electrolux B	324	−5
Ericsson	285	......
Esselte	365	−5
Mo Och Domsjo	226	−4
Pharmacia	206	−6
Saab Scania Free	440	......
Sandvik	415	+5
Skandia	297	−1
Skan Enski'da	51.5	......
SKF	214	−1
St Kopparbergs.	140	+3
Sven Handlesbn.	171	+1
Swedish Match	230	......
Volvo B (Free)	296	−3

SWITZERLAND

Mar. 14	Price Frs.	+ or −
Alusuisse	915	+13
Bank Leu	3,580	+5
Brown Boveri	1,695	......
Ciba Geigy	3,090	−10
do. (Part Certs)	2,515	+30
Credit Suisse	2,410	−10
Elektrowatt	2,760	−20
Fischer (Geo.)	757	−3
Hoff-RochePtCts	89,525	......
Hoff-Roche 1/10.	8,975	......
Jacobs Suchard.	6,325	+75
Jelmoli	1,920	+5
Landis & Gyr	1,650	......
Nestle	6,550	−20
Oer-Buehrle	1,495	......
Pirelli	305	......
Sandoz (Br)	7,950	......
Sandoz (PtCts)	1,410	......
Schindler (PtCts)	790	......
Sika	1,120	−20
Surveillance	4,250	......
Swissair	1,160	+5
Swiss Bank	366	−2
Swiss Reinsce	9,550	+50
Swiss Volksbk	1,470	−10
Union Bank	3,620	−15
Winterthur	3,760	−20
Zurich Ins.	20,475	+75

AUSTRALIA

Mar. 14	Price Aust $.	+ or −
ANZ Group	4.35	+0.03
Alliance Oil Dev.	1.05	......
Ampol Pet.	1.84	+0.01
Ashton	0.94	......
Aust Cons Ind.	1.93	−0.01
Aust. Guarantee.	2.4	−0.05
Aust. Nat. Inds	2.56	+0.02
Aust. Paper	2.48	......
Bell Group	6.70	+0.20
Bell Res.	5.9	+0.18
Bond Corp Hldgs	1.48	−0.02
Boral	3.34	+0.02
Bougainville	1.86	−0.02
Brambles Inds.	3.65	+0.04
Bridge Oil	2.12	−0.03
B.H. Prop.	6.62	......
CRA	5.76	+0.04
CSR	2.71	......
Castlemaine Tys.	4.72	......
Coles (C.J.)	3.68	−0.02
Comalco "A"	2.6	+0.10
Consolidated Pet	0.43	−0.02
Costain Aust	1.6	......
Dunlop Olympic.	2.12	−0.06
Elders IXL	5.17	−0.02
Energ Res.	1.47	+0.04

JAPAN (continued)

Mar. 14	Price Yen	+ or −
MHI	275	+4
Mitsui Co.	330	−3
Mitsui Estate	651	9
Mitsukoshi	430	−5
NGK Insulators	1,000	−10
Nihon Cement	232	−4
Nippon Denso	1,450	......
Nippon Elect	1,160	−20
Nippon Express	354	+6
Nippon Gakki	2,090	−40
Nippon Kokan	139	......
Nippon Oil	835	−5
Nippon Seiko	655	−4
Nippon Shimpan	525	......
Nippon Steel	156	......
Nippon Suisan	336	−7
NTV	10,600	......
Nippon Yusen	245	+2
Nissan Motor	640	......
Nisshin Flour	475	+15
Nisshin Steel	175	−1
Nomura	1,230	+80
Olympus	1,280	−10
Orient Leasing	3,220	+220
Pioneer	2,790	−80
Renown	630	+10
Ricoh	905	+5
Sankyo	1,210	−70
Sanyo Elect.	494	......
Sapporo	411	−4
Sekisui Prefab	574	+14
Seven-Eleven	8,600	......
Sharp	1,050	−10
Shimadzu	815	−11
Shionogi	721	−4
Shiseido	1,090	−10
Sony	4,610	−120
Stanley	1,070	+30
S'tomo Bank	1,840	+80
S'tomo Elect	921	−9
S'tomo Marine	650	+15
S'tomo Metal	158	+1
Taihei Dengyo	484	−3
Taisei Corp	206	+1
Taisho Pharm	1,090	−10
Takeda	836	−4
TDK	6,160	−80
Teijin	439	+1
Teikoku	647	+2
Tokyo Marine	871	+24
TBS	763	−3
Tokyo Elect Pwr	1,560	−20
Tokyo Gas	164	−1
Tokyo Sanyo	710	−8
Tokyo Style	703	+3
Tokyu Corp	312	−2
Toppan Print	880	−3
Toray	447	−1
Toshiba Elect	413	−7
TOTO	645	+5
Toyo Seikan	860	......
Toyota Motor	1,330	−10
Victor	2,250	−10
Wacoal	720	+17
Yamaha	796	+6
Yamanouchi	3,860	+60
Yamazaki	627	......
Yasuda Fire	455	+16
Yokogawa Bdge.	412	+2

SINGAPORE

Mar. 14	Price $	+ or −
Boustead Hldgs.	1.76	......
Cold Storage	2.68	......
DBS	6.15	+0.05
Genting	5.75	+0.05
Haw Par. Bros.	2.48	+0.13
Hong Leong Fin.	3.18	......
Inchcape Bhd.	2.41	......
Keppel Shipyard	1.7	+0.02
Malay Banking	6.25	−0.05
Malay Utd. Ind.	2.52	+0.04
Multi Purpose	0.97	−0.05
OCBC	9.5	+0.05
OUB	3.86	+0.02
Public Bank	1.65	......
Sime Darby	1.97	+0.03
Singapore Press	6.2	......
Straits Trdg	4.46	......
Tat-Lee Bk.	2.8	+0.05
UOB	4.42	−0.02

SOUTH AFRICA

Mar. 14	Price Rand	+ or −
Abercom	1.20	......
AE&CI.	6.7	+0.1
Allied Tech	46	......
Anglo Am Coal	41.50	......
Anglo Am Corp	22.7	+0.1
Anglo Am Gold	162	......
Barclays Bank	14.25	......
Barlow Rand	9.73	+0.03
Buffels	70.5	......
CNA Gallo	2.25	−0.05
Currie Finance	3.5	......
De Beers	9.12	+0.09
Driefontein	49.75	−0.25
FS Geduld	43.0	+0.75
Gold Fields SA	28.25	−1
Highveld Steel	2.95	+0.10
Nedbank	8.85	+0.08
OK Bazaars	12.75	......
Protea Hldgs	1.2	......
Rembrandt	31.75	+0.25
Rust Plat	14.9	......
Safren	12.5	......
Sage Hldgs	6.50	......
SA Brews	5.9	......
Smith (CG)	20.05	−0.5
Tongaat Hulett	5.65	+0.25
Unisec	4.60	......

AUSTRALIA (continued)

Mar. 14	Price Aust. $	+ or −
Gen Prop Trust	2.15	−0.01
Hardie (James)	3.15	−0.04
Hartogen Energy	2.20	+0.05
Herald W'yTimes	3.95	−0.03
ICI Aust.	1.91	+0.01
Jimberlana F.P.	0.25	−0.01
Kia Ora Gold	0.11	−0.01
Lend Lease	5.9	......
MIM	2.68	+0.01
Mayne Nickless	3.20	+0.02
Myer Emporium	1.76	+0.01
Nat. Aust. Bank	3.42	−0.04
News	13.4	+0.1
Nicholas Kiwi	2.05	......
North Bkn Hill	2.25	+0.02
Oakbridge	0.77	+0.01
Pancont'l	1.29	−0.01
Pioneer Conc.	1.6	−0.01
Poseidon	2.95	−0.05
Queensland Coal	1.4	+0.01
Reckitt & Coln.	3.42	......
Repco	1.19	......
Santos	5.38	+0.10
Smith (Howard)	3.75	−0.05
Thos. Natwide	1.85	......
Tooth	5.8	......
Vamgas	3.25	+0.05
Western Mining	3.55	+0.05
Westpac Bank	3.33	−0.01
Woodside Petrol.	0.8	......
Woolworths	3.25	−0.10
Wormald Intl	3.57	+0.02

HONG KONG

Mar. 14	Price H.K.$	+ or −
Bank East Asia	22.6	−0.4
Cheung Kong	13.4	+0.2
China Light	13.9	......
Evergo	1.42	......
Hang Seng Bank	46.5	+0.25
HK Electric	7.25	+0.1
HK Kowloon Wh.	5.4	+0.15
HK Land	4.82	+0.32
HK Shanghai Bk.	8.45	−0.10
HK Telephone	69.0	+0.5
Hutchison Wpa.	19.5	......
Jardine Math.	9.0	+0.35
New World Dev.	5.75	......
Orient O'seas	2.32	......
Oseas Trust Bk.	2.65	......
SHK Props.	8.8	+0.1
Shell Elect.	1.7	−0.05
Swire Pac A.	21.0	−0.2
TV—B.	5.9	−0.1
Wheel'k Mard A.	7.4	......
Wheel'k M'time.	1.10	......
World Int. Hldgs.	1.85	+0.02

JAPAN

Mar. 14	Price Yen	+ or −
Ajinomoto	1,090	+20
Alps Electric	2,230	−100
Amada	1,170	−40
Asahi Chem	800	......
Asahi Glass	890	......
Bridgestone	505	......
Canon	1,470	+20
Casio Comp.	1,930	−10
Chugai Pharm.	1,040	−10
Citizen	561	−15
Daiei	519	......
Dai Nippon Ptg	1,030	......
Daiwa House	557	+16
Ebara	411	+7
Eisai	1,990	......
Fanuc	15,310	−90
Fuji Bank	1,630	+10
Fuji Film	1,840	−10
Fujisawa	1,100	......
Fujitsu	1,320	−20
Green Cross	2,980	−160
Hasegawa	589	−9
Heiwa Real Est.	620	+33
Hitachi	874	−4
Hitachi Credit	1,050	−10
Honda	1,480	−10
House Food	690	......
Hoya	2,300	+10
Itoh (C)	333	+1
Ito. Yokado	2,410	+30
Iwatsu	1,080	+20
JACCS	322	+2
JAL	5,350	+260
Jusco	670	......
Kajima	279	−1
Kao Soap	244	+18
Kashiyama	596	+6
Kirin	582	−8
Kokuyo	890	−3
Komatsu	440	−1
Konishiroku	660	−16
Kubota	322	......
Kumagai	590	......
Kyoto Ceramic	6,120	−30
Maeda Const.	481	−11
Makino Milling	1,500	......
Myakita	1,110	−30
Marubeni	302	......
Marudai	550	......
Marui	951	+3
MEI	1,620	−20
M'ta Elec Works.	767	+27
M'bishi Bank	1,600	+20
M'bishi	515	+1
M'bishi Elec	393	+1
M'bishi Estate	580	+5

OVER-THE-COUNTER
Nasdaq national market, closing prices

Stock | Sales (Hds) | High | Low | Last | Chng

LONDON
Chief price changes
(in pence unless otherwise indicated)

RISES

Booker McConn	280	+12
British Aero	381	+13
Davy Corp.	120	+10
Exco Int'l.	720	+40
Goode D & M	102	+14
GKN	232	+8
Hepworth (J.)	191	+7
House of Fraser	308	+8
Lanca	175	+30
Lon. & Prov.	293	+13
Monk (A.)	131	+12
Needlers	110	+8
RHM	150	+4
Renishaw	395	+13
Rosehaugh	850	+40
Stead & Simps	180	+15
TI	240	+28
Ultramar	218	+8
Vickers	258	+10

FALLS

Tr 12½ 2003/05	£115¼	−½
Assoc. Newsp.	850	−30
Blund-Permog	124	−8
Foster Bros.	218	−8
Freshbake Foods	91	−7
Jarvis (J.)	270	−20
Mann & Co. New.	158	−4
Midland Bank	338	−7
Oliver (G.)	320	−15
Smith (W.H.) A	212	−8
Telemetrix	380	−20

Continued on Page 42

CANADA

TORONTO
Closing prices March 14

Sales | Stock | High | Low | Close | Chng

MONTREAL
Closing prices March 14

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

12 Month High Low | Stock | Div. | Yld. | E | P/ | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close

LONDON STOCK EXCHANGE

MARKET REPORT

Further good company results help equities to shrug off early indecision

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb 25	Mar 7	Mar 8	Mar 18
Mar 11	Mar 21	Mar 22	Apr 1
Mar 25	Apr 11	Apr 12	Apr 22

* "New-time" dealings may take place from 9.30 am two business days earlier.

The demise of British National Oil Corporation had little further effect on London stock market sentiment yesterday. For a while traders deliberated on the possible repercussions of the decision to sell North Sea crude at spot market prices, but thoughts on the subject faded in the absence of any pressure on either oil prices or sterling.

A slightly easier early trend in the pound provoked selective U.S. interest for leading equities, which gradually regained small opening losses occasioned by the setback overnight on Wall Street. U.S. stock and bond values suffered following publication of last month's unexpected sharp rise in retail sales. This aroused fresh concern over the pace of the American economy.

Continuation of the recent flow of encouraging company results from all sectors of UK manufacturing industry ensured further investment interest, although the business volume overall was affected by the approaching Budget. Another big market counter-attraction was the annual running of the Cheltenham Gold Cup.

Announcement of the **Royal Dutch/Shell** final dividend payment was greeted enthusiastically but tempered by profits slightly below some optimistic projections. **TI's** preliminary statement pleased and **GKN** responded further to annual figures, announced on Wednesday. The gains in GKN, **Vickers**, and **BTR** supported the FT Ordinary share index which, after starting the session around 3 points lower, closed 2.7 up on balance at 990.1.

Gilt-edged securities failed to establish a set trading pattern. Longer maturities drifted easier with the overnight trend of U.S. bonds and a downturn in London Gilt futures quotations. Despite several attempts to rally, longer-dated Gilts closed at the day's lowest with falls stretching to ½ among some issues. Although interest was largely confined to the longer end of the market, the shorts displayed a more resilinet trend and settled marginally higher on balance.

Clearers easier

A Press suggestion that the Chancellor might impose a VAT-type tax on financial services in Tuesday's Budget unsettled the major clearing banks. **Midland** fell 7 to 338p, after 335p, while similar losses were sustained by **Lloyds**, at 558p, and **NatWest**, at 618p. **Barclays** ended 5 off at 588p, after 585p. Elsewhere, **Goode Durrant and Murray** jumped 14 more for an advance of 22 to 102p since Monday's news that Mr Michael Waring, a South African businessman, had acquired a controlling stake in the company.

Sedgwick dropped to 373p initially on the disappointing 2 per cent decline in annual earnings, but rallied strongly to finish a net 5 higher on balance at 385p after consideration of the dividend increase and confident statement regarding future prospects. Other Lloyds Brokers moved up, partly in sympathy and partly on currency influences. **Stewart Wrightson** added 18 at 625p, while **Willis Faber** firmed 15 to 670p.

Wednesday's successful market newcomer **Mann & Co** encountered profit-taking and eased 4 to 156p. Among other recently-issued equities, wallpaper and fabric designers **Osborne and Little** moved up 12 to 215p in a restricted market.

Pre-Budget caution descended on leading Breweries which, with the exception of **Bass**, up 5 at 540p, rarely strayed from their overnight positions. In contrast, **Matthew Brown** continued to respond to persistent speculative inquiry and spurted 12 more to 315p—a gain of 47 so far on the week. The enthusiasm spread to other regional concerns, notably **Belhaven**, 4 better at 48p, and **Greene King**, also 4 up at 154p.

Fraser active late

Significant movements in Buildings were confined to secondary issues. Reflecting the strength of Davy Corporation, **A. Monk**, in which the former holds a near 30 per cent stage, rose 12 for a three-day gain of 23 to 131p. **Ward Holdings** continued to respond to an investment recommendation and firmed 4 afresh to 182p, while **Alfred McAlpine** moved up the same amount to 262p in a market short of stock. On the other hand, **John Mowlem** shed 6 to 212p on news that the group's finance director, Mr Michael Marsh, had resigned, while **J. Jarvis** fell 20 to 270p following the poor half-year results.

ICI opened lower at 802p on Wall Street influences, but picked up following revived overseas buying to close 4 dearer on balance at 810p. Among other Chemicals, **Allied Colloids** attracted interest and firmed 5 to 242p, while **Leigh Interests** added 3 to 101p on the appearance of an aggressive buyer.

The after-hours' announcement that the Al-Fayed Investment and Trust's 400p per share bid for **House of Fraser** would not be referred to the Monopolies Commission prompted hectic late activity in House of Fraser which swiftly rallied from the official closing level of 382p to touch 400p, before ending 8 better on balance at 398p. Mr "Tiny" Rowland's Lonrho, major adversary of the Egyptians in the fight for Harrods, closed a couple of pence easier at 169p. Elsewhere, **Woolworth** reflected a squeeze on bear positions ahead of the preliminary results scheduled for March 28 with a rise of 19 to 649p, after 660p. **W. H. Smith A**, at 212p, lost 8 of the previous day's speculative gain of 10 in the wake of a reported statement from the managing director, effectively quelling recent market rumours of a stake build-up or bid by Arthur Guinness. **Foster Bros.** lost 8 more to 216p on further consideration of the recommended bid by Sears, 3 lower at 84p, while **Grattan** cheapened 4 to 180p ahead of today's annual 30 to 175p in a restricted market 30 to 175p ni a restricted market following a news-letter recommendation and **J. Hepworth** reflected revived speculative support with a rise of 7 at 191p. Among Shoe concerns, **Stead and Simpson "A"** advanced 15 to 180p, after 183p, on bid speculation, but nervous selling ahead of today's preliminary statement left **George Oliver "A"** 15 down at 320p. **Strong and Fisher** cheapened 4 to 146p after the interim figures and announcement that Mr Asil Nadir had placed his near-25 per cent stake in the company with various institutions.

Leading Electricals often remained at the overnight closing levels, but **Renishaw** featured secondary issues with a rise of 13 to 395p in response to good interim results. Profit-taking left **Telemetrix** 20 lower at 380p, while renewed selling clipped 5 more from **BSR**, at 125p.

The engineering leaders were one of the more active areas of the market. Enlivened by better-than-expected preliminary results and by bullish analysts' reports, **TI** traded briskly and touched 242p before settling 20 up on the day at 240p. **GKN**, still benefiting from Wednesday's annual statement, advanced 8 further to 232p, while late demand left **Vickers** 10 to the good at 258p. Elsewhere, **Davy Corporation** featured a rise of 10 to 120p on news that Trafalgar House had, over the past few months, acquired 5.2m shares in the company. **Haden**, currently in receipt of a 240p per share cash offer from Trafalgar House, gave up 12 to 295p; the formal offer document was posted yesterday. **Baker Perkins** were good at 220p, up 7, along with **IMI**, 5½ dearer at 115½p. Buying in anticipation of the preliminary figures, due later this month, left **Delta** 5 higher at 138p.

Rowntree Mackintosh's annual results failed to generate much excitement and the price slipped to 385p before support developed and prompted a rally which left the close 5 dearer on balance at 395p. **United Biscuits** remained overshadowed by the £98m cash call and shed 3 more to 185p, but buyers appeared for **Ranks Hovis McDougall** in the after hours' trade and the close was 4 dearer at 150p. Publicity given to a broker's circular helped **Cadbury Schweppes** improve a couple of pence to 165p, but **Tate and Lyle** drifted off to close 3 cheaper at 443p. Elsewhere in Foods, **Needlers** gained 8 to 110p in reply to the more-than-doubled annual profits, but **Freshbake** fell 7 for a two-day fall of 9 to 91p on the warning about current trading.

Hoteliers **Epicure** came under renewed nervous selling pressure and reacted to 15p before steadying on bear closing to close a penny lower on balance at 17p. **Ryan Hotels** added 1½ to 21½p as bid rumours revived.

BTR up again

Investors continued to show interest in **BTR**, up 16 more at 720p, following comment on the merger with Dunlop. Most other leading miscellaneous industrials, however, were inclined easier for choice. Elsewhere, **Booker McConnell** moved up 12 to 260p following the profits statement and dividend forecast contained in the latest rejection of **Dee Corporation's** bid; the latter improved 4 to 208p. **Wolseley-Hughes**, still reflecting satisfactory interim figures, advanced 10 more to 330p, but **Blundell Permoglaze** fell 8 further to 124p on the chairman's none-too-encouraging view on the profits outlook. Speculative interest revived in **Inter-City**, up 3½ to 40p, while **Marley** firmed 4 to 86p following a split buying order. **British Aerospace** revived with a rise of 13 to 381p and **De La Rue** encountered further demand at 870p, up 15. Satisfactory preliminary figures left **Transport Development** 4½ to the good at 124½p. **Times Veneer** advanced to 48p amid a flurry of speculative activity before settling 5 to the good at 46p; the company recently announced a bid approach. Revived support left **Brook Street Bureau** 6 higher at 108p and **Reuters "B"** 7 dearer at 368p.

Appleyard, 3 better at 59p, after 62p, provided an isolated firm feature in Motors in response to the doubled annual profits.

Associated Newspapers, a steadily rising market over the past few months on consideration of its asset value and North Sea oil interests, reacted 30 to 850p as holders became unsettled following abolition of BNOC. Elsewhere in Publishers, **Fleet Holdings** eased 5 to 278p with the company denying Press reports that talks with Aitken Hume, called off earlier this month, were still in progress; **Aitken Hume**, up to 175p at one stage, settled 3 cheaper on balance at 167p.

Leading Properties fluctuated narrowly and closed virtually unchanged, but current takeover favourite **Stock Conversion** slipped 5 to 463p in the absence of any developments. Elsewhere, **London and Provincial Shop Centres** rose 13 to 293p on news that the company had fully let its Cornwall House office development in Slough. Renewed demand in a restricted market lifted **Rosehaugh** 40 to 850p, but **Markheath Securities** came under selling pressure and fell to 80p prior to closing 7 lower at 83p. **London and Edinburgh** moved up 6 to 230p and **Greycoat City Offices** firmed 4 to 212p.

Exco featured Financial Trusts with a late jump of 40 to 720p on the announcement that International MarketNet (IMNET) and Telerate are currently engaged in discussions to make Telerate database available through the IMNET system.

Oils steadier

The Oil majors regained their composure after Wednesday's late reaction on the Government's decision to disband the British National Oil Corporation. **Royal Dutch/Shell's** annual results, announced mid-morning, failed to influence the market to any great extent. Although profits failed to meet best expectations, the better-than-anticipated dividend compensated for this. Following the announcement, **Shell** moved up to 783p before slipping back on lack of follow-through support to close a couple of pence cheaper at 775p. **British Petroleum** rallied 3 to 528p, after 530p. Comment on the annual results stimulated strong demand for **Ultramar** which touched 220p prior to closing a net 8 up at 218p. On the other hand, **Enterprise** remained a dull counter and shed 4 more to 196p. Elsewhere, **Sovereign** gained 8 to 180p helped by option business, while **Petranol** firmed 5 to 275p ahead of Monday's annual results. **Falcon Resources**, also reporting shortly, gained 8 to 468p. **GOAL**, a rising market recently on bid hopes, shed 6 to 118p; ERIC has acquired 5m GOAL shares from Yule Catto at 131.3p per share.

Golds idle

South African Golds and related stocks held close to their overnight positions because investors were reluctant to commit funds ahead of next Monday's domestic Budget.

The bullion price once again failed to provide a definite lead—after dipping below $290 an ounce during the morning, it displayed surprising resilience to close only $1.75 off on balance at $291.75 an ounce.

Opening a shade easier reflecting scrappy selling from Continental sources, top-quality Golds gave further ground as Cape operators offered stock.

In sterling terms, rises of just under a full point were seen in **Vaal Reefs**, £82⅞, and **Southvaal**, £34⅝, while marginal counter **Grootvlei** improved 18 to 696p. The FT Gold Mines index closed 1.8 up at 485.9.

FINANCIAL TIMES STOCK INDICES

	Mar. 14	Mar. 13	Mar. 12	Mar. 11	Mar. 8	Mar. 7	year ago
Government Secs.	79.91	80.15	80.41	80.65	80.50	80.09	85.12
Fixed Interest	85.86	83.97	83.80	83.65	83.50	83.59	87.16
Ordinary	990.1	987.4	990.4	989.2	988.1	987.6	875.6
Gold Mines	485.9	484.1	481.7	475.5	474.9	481.0	688.9
Ord. Div. Yield	4.57	4.56	4.56	4.56	4.53	4.53	4.33
Earnings, Yld.% (full)	11.28	11.33	11.31	11.30	11.26	11.18	9.15
P/E Ratio (net) (*)	10.79	10.78	10.75	10.75	10.80	10.91	13.21
Total bargains (Est.)	24,164	26,804	27,259	28,834	26,546	25,320	26,734
Equity turnover £m.	—	387.26	374.93	594.74	526.51	474.91	390.25
Equity bargains	—	22,521	24,559	25,657	27,470	24,028	24,116
Shares traded (ml)	—	190.8	214.4	291.2	269.9	247.2	200.4

10 am 984.5. 11 am 984.7. Noon 985.6. 1 pm 986.5. 2 pm 987.2. 3 pm 988.1.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.43.

HIGHS AND LOWS / S.E. ACTIVITY

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low		Mar. 13	Mar. 12
					Daily Gilt Edged		
Govt. Secs.	83.77 (9/1/84)	74.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)	Bargains	143.8	188.8
					Equities		
Fixed Int.	87.48 (14/3/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)	Bargains	145.9	159.1
					Value	782.7	757.8
					5day Average Gilt Edged		
Ordinary	1024.5 (22/1/85)	755.3 (25/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)	Bargains	153.5	158.4
					Equities		
Gold Mines	711.7 (9/3/84)	439.5 (28/1/85)	734.7 (15/2/83)	43.5 (26/10/71)	Bargains	161.0	160.3
					Value	953.3	971.8

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur March 14 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Wed March 13 Index No.	Tues March 12 Index No.	Mon March 11 Index No.	Fri March 8 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (206)	551.59	+0.4	9.90	3.93	12.54	549.48	550.21	548.80	542.45	484.62
2	Building Materials (23)	498.17	+0.6	12.87	5.03	9.61	495.15	495.58	492.00	488.41	468.64
3	Contracting, Construction (30)	692.52	+0.2	14.26	5.72	8.99	691.17	692.10	684.37	684.17	735.17
4	Electricals (15)	1502.77	−0.1	10.75	4.97	11.78	1504.11	1514.23	1521.49	1503.32	1,701.74
5	Electronics (36)	1711.38	−0.6	8.74	2.97	14.80	1721.47	1726.98	1730.56	1720.50	1,650.33
6	Mechanical Engineering (60)	297.80	+0.8	11.28	4.35	10.58	295.45	297.21	296.95	295.00	233.48
8	Metals and Metal Forming (8)	191.04	+2.0	11.84	6.79	10.44	187.37	187.48	187.90	185.12	195.13
9	Motors (18)	172.26	+1.1	10.00	4.64	12.79	170.44	168.86	169.27	165.34	133.15
10	Other Industrial Materials (16)	970.92	+1.6	6.86	3.11	17.75	955.69	953.74	941.36	910.96	614.68
21	CONSUMER GROUP (181)	643.05	—	9.11	3.75	13.90	642.88	642.61	636.65	633.16	474.07
22	Brewers and Distillers (23)	578.92	+0.5	11.70	4.62	10.59	576.15	573.68	565.68	563.37	469.18
25	Food Manufacturing (21)	510.84	−0.1	11.44	4.66	10.90	511.22	513.86	510.83	509.90	381.53
26	Food Retailing (13)	1444.12	−0.2	6.63	2.53	20.11	1447.80	1448.40	1424.80	1417.69	1,064.92
27	Health and Household Products (9)	1830.30	−0.4	5.66	2.59	20.70	1834.25	1829.56	1826.59	1837.57	719.87
29	Leisure (22)	684.99	—	8.31	4.80	15.79	685.18	691.85	689.10	688.56	631.36
32	Newspapers, Publishing (12)	1730.31	−0.8	6.76	4.34	19.16	1744.56	1749.24	1737.27	1724.65	1,214.81
33	Packaging and Paper (14)	321.16	+0.3	12.30	4.52	9.56	320.22	319.03	315.67	313.43	235.79
34	Stores (45)	579.39	+0.2	7.86	3.27	17.17	578.20	575.92	566.38	557.40	421.21
35	Textiles (19)	338.64	−0.7	11.80	4.21	9.79	341.10	341.83	341.97	339.10	272.21
36	Tobaccos (3)	948.16	+0.3	13.25	4.12	8.44	945.33	948.26	946.99	933.87	547.50
41	OTHER GROUPS (96)	685.41	+0.4	8.83	3.93	14.26	682.85	683.73	680.20	675.48	424.36
42	Chemicals (17)	791.39	+0.4	12.66	4.59	9.78	788.55	789.05	792.32	809.57	600.25
44	Office Equipment (4)	188.09	−1.1	7.83	4.44	17.62	190.26	190.36	190.38	184.59	133.07
45	Shipping and Transport (12)	1134.84	+0.9	6.62	4.43	19.12	1124.63	1137.61	1135.33	1132.83	847.71
46	Miscellaneous (61)	855.04	+1.0	7.45	3.26	16.33	847.38	843.51	840.09	834.79	549.75
48	Telephone Networks (2)	821.38	—	8.15	3.92	16.01	821.38	824.58	815.04	797.32	0.0
49	INDUSTRIAL GROUP (483)	638.82	+0.2	9.26	3.85	13.33	637.47	637.79	633.68	628.96	474.96
51	Oils (17)	1188.89	+0.2	15.22	6.92	7.95	1186.71	1204.43	1191.22	1213.07	1,005.41
59	500 SHARE INDEX (500)	684.83	+0.2	10.08	4.27	12.19	683.41	685.10	680.25	677.62	519.40
61	FINANCIAL GROUP (114)	456.72	−0.1	—	4.95	—	457.30	456.59	454.55	450.42	377.56
62	Banks (6)	451.34	−1.1	17.94	6.43	7.66	456.27	451.97	448.97	448.36	396.58
65	Insurance (Life) (8)	639.12	−0.2	—	4.26	—	640.18	643.29	639.86	634.71	523.76
66	Insurance (Composite) (7)	330.73	+0.1	—	5.73	—	330.25	328.16	326.56	320.30	252.35
67	Insurance (Brokers) (6)	1180.67	+1.6	6.52	3.20	21.28	1162.36	1164.54	1174.31	1154.85	643.65
68	Merchant Banks (12)	237.30	−0.4	—	4.58	—	238.24	238.67	235.88	234.04	238.18
69	Property (50)	639.74	+0.1	5.49	3.53	24.25	639.02	639.71	638.41	632.52	533.80
70	Other Financial (25)	293.42	+0.4	8.93	5.35	13.56	292.25	294.66	292.62	290.27	269.85
71	Investment Trusts (106)	631.72	−0.2	—	3.14	—	632.78	632.86	633.29	633.53	491.77
81	Mining Finance (4)	288.65	+0.1	9.94	5.27	12.81	288.42	289.86	290.95	292.22	306.91
91	Overseas Traders (14)	663.92	−0.2	9.34	6.27	13.31	665.03	665.70	661.92	655.95	578.75
99	ALL-SHARE INDEX (738)	625.62	+0.1	—	4.34	—	624.79	625.86	622.09	619.40	485.66
		Index No.	Day's Change	Day's High	Day's Low						
	FT-SE 100 SHARE INDEX	1299.7	+4.5	1299.7	1293.3	—	1295.2	1300.0	1290.8	1288.6	1,087.7

FIXED INTEREST

	PRICE INDICES	Thur March 14	Day's change %	Wed March 13	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	116.37	+0.06	116.10	—	2.04
2	5-15 years	126.47	−0.22	126.75	—	2.26
3	Over 15 years	132.44	−0.34	132.89	—	2.03
4	Irredeemables	144.35	−0.55	145.15	—	1.62
5	All stocks	125.52	−0.15	125.71	—	2.17
6	Debentures & Loans	108.13	−0.13	108.26	—	1.66
7	Preference	76.41	+0.01	76.40	—	1.83
8	All stocks (British Government Index-Linked Stocks)	112.87	−0.23	113.13	—	0.78

	AVERAGE GROSS REDEMPTION YIELDS		Thur March 14	Wed March 13	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.02	10.99	9.68
2		15 years	10.81	10.77	10.39
3		25 years	10.35	10.30	9.81
4	Medium Coupons	5 years	11.96	11.95	10.93
5		15 years	11.27	11.22	10.71
6		25 years	10.70	10.65	10.12
7	High Coupons	5 years	12.06	12.03	11.08
8		15 years	11.49	11.44	10.88
9		25 years	10.86	10.81	10.21
10	Irredeemables†		10.27	10.21	9.78
11	Debs & Loans	5 years	12.23	12.22	11.46
12		15 years	11.89	11.84	11.58
13		25 years	11.77	11.79	11.60
14	Preference†		12.84	12.84	12.82
	BRITISH GOVERNMENT INDEX-LINKED STOCKS				
15	Inflation rate	5%	3.15	3.13	3.49
16		10%	2.98	2.96	3.32

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$300	48	8	8	17	—	—	$292
GOLD C	$320	—	—	—	—	9	12	"
GOLD C	$340	—	—	20	4.50	—	—	"
GOLD C	$360	—	—	5	2.50	—	—	"
GOLD C	$380	—	—	10	1.50	—	—	"
GOLD P	$260	99	2.90	—	—	—	—	"
GOLD P	$280	6	6	—	—	—	—	"
GOLD P	$300	10	10	—	—	2	16 B	"
		[illegible]						

TOTAL VOLUME IN CONTRACTS: 18,658

A=Ask B=Bid C=Call P=Put

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (101)

BRITISH FUNDS (1)
AMERICANS (3)
BANKS (2)
BREWERS (1)
BREWERS (4)
BUILDINGS (4)
STORES (7)
ELECTRICALS (5)
ENGINEERING (6)
FOODS (1)
INDUSTRIALS (21)
INSURANCE (7)
MOTORS (2)
NEWSPAPERS (1)
PAPER (2)
PROPERTY (6)
TEXTILES (3)
TRUSTS (21)
OILS (3)
OVERSEAS TRADERS (1)
PLANTATIONS (1)

NEW LOWS (26)

BUILDINGS (2)
Arncliffe — Tysons (Contractors)
STORES (1)
ASR Hldgs.
ELECTRICALS (5)
A. & G. Sec. Elects. Telefusion
CPU Computers United Scientific
Security Centres
FOODS (1)
Sutherland (E. T.)
HOTELS (1)
Epicure
INDUSTRIALS (4)
Brengreen Henara
Fertil-A-Chron
LEISURE (2)
Adam Leisure
PROPERTY (1)
Markheath Sec.
SHOES (1)
Newbold & Burton
SOUTH AFRICANS (1)
Kirsch Trading
TEXTILES (2)
Stoddard A Youghal Carpets
OILS (1)
Meridian Oil
MINES (4)
Cultus Pacific Gem Explrtn. Mining
Enterprise Gold Haoma N.W.

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
GKN	24	224	+ 4
Falcon Res.	17	460	+10
Shell Trans.	16	777	− 8
Smith (W H) A	16	220	+10
Comm. Union	15	194	+ 4
BP	14	525	−10
ICI	14	806	—
Ultramar	13	210	+ 2
Lex Service	12	209	+12
Standard Chrt.	12	475	− 5
Glaxo	11	£11⅞	+ 0⅛
Goal Pet.	11	124	+ 8
Barclays	10	593	+ 3
NatWest. Bank	10	625	+ 5

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price £	+ or −
[illegible]							

RIGHTS OFFERS

Issue price p	Amount paid	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+ or −
[illegible]							
12½	F.P.	27/3	25½	21½	Westwood Dawes 'B' 12½p	22	.....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▓ Allotment letters or fully-paid. ‖§ Introduction. ✤ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ⁑ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. ‡ Comprising one 11 per cent Cnv.Uns.Ln stk. and one Warrant. ● With Warrants attached. ‡‡ Units comprising one New Ord., four New Pref. and one Warrant. Φ Figures or report awaited.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 4	Mar 15	June 13	June 24
Mar 18	Mar 29	June 27	July 8
Apr 1	April 19	July 11	July 22

For rate indications see end of Share Information Service

Money was given for the call of Keep Trust, Brunswick, Churchill Energy, Riley Leisure, Sovereign Oil and Gas, Allebone, Sangers, "The Times" Veneer, North Kalgurli, Great Portland Estates, British Telecom, Samson, Eglinton Oil and Gas, New Court Natural Resources, BBA, Tranwood, Atlantic Resources, Hawtin, Body Shop International, Davy, TI, Burmah and Norfolk Capital. Puts were done in TI, Inter-City, SGB, Henry Ansbacher and Barker and Dobson, while doubles were transacted in Brengreen, Barratt Developments, Falcon Resources, Grovebell and Charterhouse J. Rothschild.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Appleyard	59	+ 3
Davy Corp	120	+10
Goal Petroleum	118	− 6
GKN	232	+ 8
Heath (C. E.)	630	—
Monk (A.)	131	+12
Riley Leisure	47	+ 4
Sedgwick	385	+ 5
Shell Transport	775	− 2
TI	240	+20
Willis Faber	670	+15
Woolworth	649	+19

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	19	70	16
Corpns. Dom. & Foreign Bonds	3	28	42
Industrials	286	272	885
Financial & Props.	94	100	353
Oils	18	35	70
Plantations	4	—	13
Mines	46	3	129
Others	80	69	90
Totals	530	577	1,598

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts Jly.	Puts Oct.
B.P. (*528)	460	75	90	103	2	6	10
	500	40	57	68	6	15	25
	550	14	30	47	40	47	53
	600	5	18	30	78	83	88
[illegible]							

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Imperial Gp. (*185)	160	31	38	—	2	3	—
	180	16	22	27	8	11	13
	200	9	15	20	19	26	29
	220	2½	9	14	38	43	46
[illegible]							

Mar. 14, Total contracts 6,677 Calls 5,071, Puts 1,606

* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98[illegible]	93[illegible]	Treas 3pc 1985	98[illegible]	+[illegible]	3.06	13.64
102[illegible]	99[illegible]	Treas 11½pc 1985	99[illegible]	−[illegible]	11.58	13.54
99[illegible]	96[illegible]	Treas 8¼pcCnv '85	98[illegible]	....	8.92	12.93
104[illegible]	99[illegible]	Exch. 12¼pc 1985	99[illegible]	....	12.30	12.70
103[illegible]	99[illegible]	Exch. 11¼pc '86	99½	+[illegible]	11.83	12.29
102[illegible]	96[illegible]	Treas. 10pcCnv 1986	97[illegible]xd	+[illegible]	10.29	12.36
94[illegible]	88¾	Treas 3pc 1986	93⅞	....	3.20	8.56
102	96¼	Exch. 10½pc Cv '86	98	+[illegible]	10.71	12.34
104[illegible]	99[illegible]	Treas 12pc 1986	99[illegible]	+[illegible]	12.05	12.27
98¼	93½	Treas 8½pc 1984-86‡‡	95⅞	....	8.87	11.94
108[illegible]	102[illegible]	Exch. 14pc 1986	102[illegible]	....	13.64	12.12
89¾	85	Exch. 2½pc 1986	89	−¼	2.81	9.70
107[illegible]	100[illegible]	Exch. 13¼pc 1987	102[illegible]	....	12.98	11.94
100⅞	94½	Treas 10¼pcCv '87	97¼	+[illegible]	10.54	11.95
87¼	83¾	Exch 2½pc 1987	87[illegible]	+[illegible]	2.86	9.65
101[illegible]	94½	Exch 10½pc 1987	97[illegible]xd	+[illegible]	10.76	11.89
92¼	87	Funding 6½pc '85-87‡‡	90⅞	....	7.15	11.44
99⅞	92⅞	Treas. 10pc 1987	96[illegible]	....	10.41	12.02
86¼	81[illegible]	Treas 3pc 1987	86[illegible]	−[illegible]	3.48	9.69
105	97¼	Treas. 12pc 1987	99[illegible]	+[illegible]	12.01	12.00
94⅞	87[illegible]	Treas 7¼pc 1985-88‡‡	91¼	....	8.45	11.17
100¼	92[illegible]	Exch 10½pc '88	96[illegible]	+[illegible]	10.90	11.93
98[illegible]	89[illegible]	Treas 9¼pc Cv '88	94¼	+[illegible]	10.34	11.91
83½	77	Transport 3pc '78-88	83	....	3.61	9.08
96[illegible]	88[illegible]	Treas. 9½pc '88	92[illegible]	....	10.25	12.04
106¼	94[illegible]	Treas 11½pc 1989	98[illegible]	+[illegible]	11.62	11.84
96[illegible]	87[illegible]	Treas 9½pc Cnv. '89	92[illegible]xd	....	10.28	11.91
99⅞	90[illegible]	Treas 10½pc 1989	95[illegible]	+⅛	11.02	11.92
100[illegible]	88⅞	Exch 10pc 1989	93[illegible]	+[illegible]	10.69	11.92
101[illegible]	94¼	Exch 11pc 1989	96[illegible]xd	+[illegible]	11.35	11.89
85¼	77½	Treas 5pc 1986-89	81½xd	+⅛	6.13	10.11
114¼	100¼	Treas 13pc 1990‡‡	104[illegible]	....	12.45	11.75
20[illegible]	19[illegible]	Exch 11pc '90 (£20pd)	19[illegible]	....	11.35	11.83

Five to Fifteen Years

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
110[illegible]	100[illegible]	Exch. 12½pc 1990	102xd	−[illegible]	12.23	11.90
[illegible]						

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
104	65	Marley	86xd	+4	3.75	q2.2	6.2	9.7
86	40	Marling Ind. 10p	83	−2	†d3.0	5.6	2.2	9.7
46	29	Marshall L'ey. 'A'	43	.....	†1.2	3.6	4.0	(7.7)
77	37	Marshall's Universal	70	−1	2.0	♦	4.2	♦
89	77	Do. 7½pcCnRedPf £1	82	.....	7½%	—	13.1	—
30	20	Martin-Black	22¢	.....	—	—	—	—
£108	£81	Mathesons 7¾%	£94	.....	07¾%	2.3	8.4	—
432	287	Metal Box £1	420	−5	†15.0	3.2	5.1	6.8
220	129	Metal Closures	166	−1	6.3	2.3	5.4	(9.2)
27	9	Metal Sciences 2½p	13	.....	—	—	—	—
133	73	Midland Marts	83	.....	4.0	1.8	6.9	10.5
84½	45	Mitchell Cotts	82	−1	4.0	1.5	7.0	11.7
212	152	Morgan Crucible	212	+2	†7.5	1.2	5.1	(21.4)
36	22	Morris (W) F.A. 20p	28	.....	bg0.5	4.0	2.6	26.6
110	80	Moss (Robt.) 10p	105	+3	♦†2.5	2.3	3.4	15.2
330	197	N M W Computers	288	+7	6.0	3.0	3.1	15.6
65	35	Nash Inds.	37	+2	2.5	1.5	9.7	8.5
48	30	Neill & Spencer 10p	41	.....	♦	—	—	12.3
33	13	Newman Industries	25	.....	—	—	—	(14.1)
31	16½	Do. 10pc Cn.Cm.Pf.	26½	.....	10%	—	5.4	—
67	39	Norton	55	+2	g1.1	4.5	2.9	9.2
183	132	Norcros	164	−1	†7.5	2.4	6.5	8.7
86	53	Nu-Swift 5p	55	.....	†2.4	3.2	6.2	7.2
100	50	Oakwood Grp.	93	.....	4.5	1.4	6.9	(13.7)
190	135	Office & Elect	160	+2	7.5	4.2	6.7	7.4
108	88	Oldacre 20p	88	−2	4.0	2.6	6.5	7.8
912	625	Oriflame Intl SA	912	+62	46.81	♦	7.6	♦
46	15	Ovenstone 12½c	16	.....	‡04.5c	2.2	‡	3.7

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

MINES—Continued

Finance

Australians

Tins

Miscellaneous

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
410	155	Centennial Min'ls.	205	−5	—	—	—
175	70	Colby Res Corp.	90	.....	—	—	—
955	450	Cons. Murch. 10c	450	.....	†Q100c	1.4	10.8
40	25	Ennex Int. Ir10p	37	.....	—	—	—
252	150	Hampton Areas 10p	188	−2	3.75	2.1	2.7
260	140	Highwood Res.	235	−5	—	—	—
£24½	£16	Homestake Mining $1	£21⅛	+⅛	Q20c	—	0.8
295	135	McFinley Red Lake	245	−15	—	—	—
260	101	Mosto Explorations	245	.....	—	—	—
55	23	New Sabina Res C$1	35	+2	—	—	—
365	220	Northgate C$1	310	−10	—	—	—
718	500	RTZ	644	+1	†18.0	2.7	4.0
£155½	£113½	Do. 9½pcLn '95-2000	£142½	.....	Q9½%	35.4	16.7
£13¼	850	Tara Exptn $1	£12⅝	+⅛	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock".
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- Not officially UK listed; dealings permitted under Rule 535(4)(a).
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	98	.....	Arnott	170	.....
Craig & Rose £1	£10	.....	CPI Hldgs	57	.....
Finlay Pkg. 5p	58	.....	Carroll Inds.	112	+2
Higsons Brew	118	.....	Dublin Gas	60	.....
Holt (Jos) 25p	800	.....	Hall (R. & H.)	45	.....
IoM Stm. £1	130	+3	Helton Hldgs.	16½	.....
IRISH			Irish Ropes	48	.....
Exch. 12% 1985	£99½	.....	Jacob (W.& R.)	65	.....
Nat. 9¾% 84/89	£85¾	.....	TMG	115	.....
Fin. 13% 97/02	£95¾	.....	Unidare	84xd	+6¼

OPTIONS — 3-month call rates

Industrials	p		p		p
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	18	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds	25	Brist. Oil & Min	4
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	30	Burmah Oil	18
Burton Ord	39	NEI	8	Charterhall	6
Cadburys	14	Nat West Bk	60	Premier	5
Comm Union	19	P & O Dfd	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	18	**Mines**	
Dunlop	6	RHM	11	Charter Cons	18
FNFC	8½	Rank Org Ord	32	Cons Gold	44
Gen Accident	45	Reed Intnl	50	Lonrho	14
Gen Electric	17	Sears	8	Rio T Zinc	56
Glaxo	85	TI	20		
Grand Met	25	Tesco	28		
GUS 'A'	68	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Amer. Gen. Inc.†	[illegible]	[illegible]	[illegible]	[illegible]
Do. Acc†	73.2	82.3	-4.5	0.49
Income*	104.7	114.5	.....	4.89
Capital Inc.‡	105.9	113.9	.....	1.91
Do. Acc.‡	134.8	145.0	.....	1.91
Exempt†	239.0	258.0	.....	2.66
Intl. Recovery Inc.‡	37.1	39.9	.....	1.12
Do. Acc.‡	48.6	52.3	.....	1.12

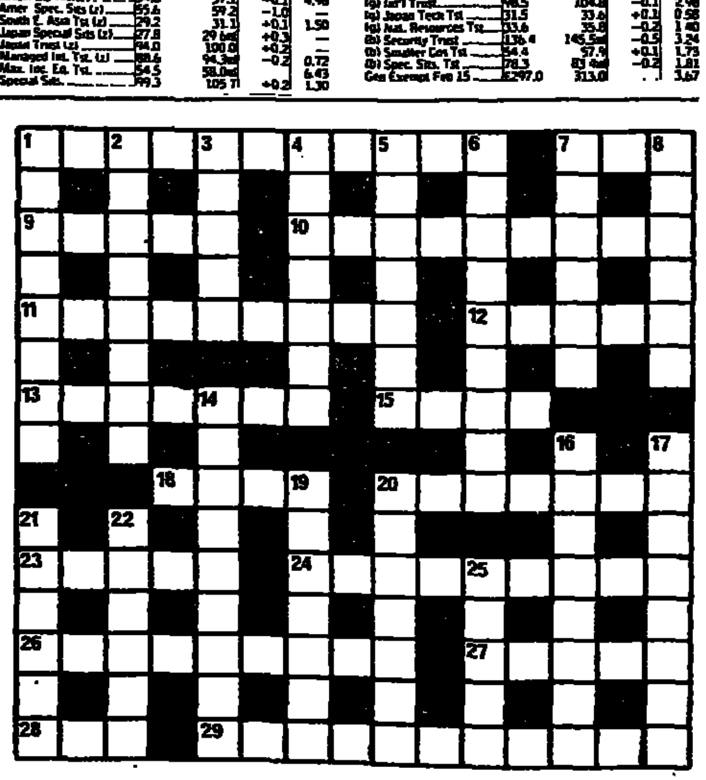
Dealing *Tues. ‡Wed. †Thur. Prices March 12/13/14.

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2 01-588 2777 Dealing: 01-638 0478/0479
Britannia Viewpoint 01-675 6666

UK Specialist Funds				
Growth Gilt Trust	51.4	52.2xd	-0.2	0.73
Recovery	76.7	81.8	+0.1	2.89
Smaller Cos.	110.6	118.0xd	-0.2	1.20
Spec. Mkt. Sits.	76.2	81.3	-0.2	1.29
UK Growth (Domestic)	31.7	33.8	+0.1	3.12
High Income Funds				
Extra Inc.	49.6	52.9xd	+0.1	8.09
Gilt	25.1	26.4	-0.2	10.00
Inc & Growth	151.9	162.0	+0.4	4.49
Nat. High Inc.	145.9	155.6	+0.2	5.97
Pref. Shares	16.9	18.0xd	-0.1	11.47

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,669



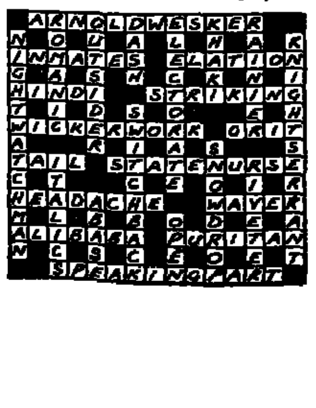
ACROSS

1 At which steps may be taken to alleviate hardship (7, 4)
7 A record climb (3)
9 Hanging in a French town (5)
10 They are quite opposed to Britain (9)
11 Trains one new horse for Don Quixote (9)
12 Dance having beat and vigour (5)
13 Woken in so rude a fashion (7)
15 Fire an employee for drinking, perhaps (4)
18 Two notes to measure (4)
20 It contracts to continue one's circulation (7)
23 Aeroplane company held a conference (5)
24 Guard for Commonwealth head of state (9)
26 Antidote for those addicted to lying (5, 4)
27 Compel payment to be precise (5)
28 Pointless hunt for shelter (3)
29 Precipitate action for itinerant (11)

DOWN

1 Yet he stands at the head of the board (8)
2 A place of grazing (8)
3 Dramatist who was successful in exposing glib sentimentality (5)
4 Longed for time to take up study? (7)
5 She plays about in various casts (7)
6 Oral applications for beauty treatment (9)
7 Eager to change a trend (6)
8 Replace points in a car engine (6)
14 Turkish bath that flouts union regulations? (5, 4)
16 Yet it may help a company to expand (8)
17 Mentally ill—needs a change of routine before cure starts (8)
19 Eastern politician, queen or ruler (7)
20 Allow no opening for a substitute (4-3)
21 Put down a whisky (6)
22 What may be charged for the odd man out (6)
25 Leave river at last (5)

Solution to Puzzle No. 5,668



INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co.

Blue Chip	22.6	23.8		—
Fixed Yield	19.7	20.8		—
Deposit Fund	16.0	16.9		—
Managed	21.4	22.6		—
International	29.6	31.2		—
Property	17.3	18.3		—
Pacific	23.2	24.5		—
Equity	16.6	17.5		—
Special Sits	25.7	27.1		—
Int Currency	14.3	15.1		—
Index Linked Secs.	11.4	12.0		—
American	24.5	25.8		—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	14.83	15.47	

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202/0733 262524

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	203.8	214.6	−0.7	—
UK Equity	237.8	250.4	−0.4	—
Overseas Eq.	211.9	223.1	−1.1	—
American	214.2	225.5	−1.1	—
Far East	184.9	194.7	+0.7	—
Property	112.9	118.9		—
Fixed Int.	160.7	169.2	−0.8	—
Indexed Gilt	109.8	115.6	−0.3	—
Deposit	115.2	121.3	+0.1	—
Pension Fund Prices				
Man. Initial	204.8	215.6	−0.4	—
Man Acc.	229.1	241.2	−0.5	—
UK Eq. Initial	221.1	232.8	+0.3	—
UK Eq.	244.0	256.9	+0.4	—
Overseas Eq. Initial	233.0	245.3	−3.4	—
Overseas Eq.	269.7	283.9	−0.5	—
American, Initial	246.4	259.4	−1.6	—
American	273.2	287.6	−1.7	—
Far East Initial	238.0	250.6	+1.9	—
Far East	264.5	278.5	+1.4	—
Prop. Initial	108.5	114.3		—
Prop.	120.2	126.6		—
Fixed Int. Initial	144.5	152.2	−0.8	—
Fixed Int.	159.6	168.1	−0.8	—
Indexed Gilt Initial	103.0	108.5	−0.3	—
Indexed Gilt	114.2	120.3	−0.4	—
Deposit Initial	114.00	120.1		—
Deposit	127.0	133.7	+0.1	—

NPI Pensions Management Ltd.

Managed Fund	560.4	574.8		—

Prices March 1. Next dealing April 1

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 344555

Save & Prosper Group
28, Western Rd, Romford RM1 3LB. 0708-66966

Global Equity Fund (z)	96.4	102.1	−0.1	—
Bal. Inv Fd	302.7	320.4	−0.4	—
Property Fd	290.3	307.2		—
Gilt Fd	234.4	248.1	−0.6	—
Deposit Fd.‡	197.7	209.2		—
Man. Pens. Fd.	65.9	69.8		—
Equity Pens. Fd.	67.6	71.6	−0.2	—
Prop. Pens. Fd.	56.3	59.6		—
A. G. Bond Fund (z)	77.1	81.6	−0.1	—
Dep Pen Fd‡	53.4	56.4	+0.1	—
Gilt Pens Fd	52.2	55.3	−0.2	—
Global Eq Pens Fd	76.4	80.9	−0.1	—

‡Weekly dealings.

Schroder Life Assurance Ltd.
Enterprise House, Portsmouth. 0705 827733

Equity	593.8	625.0	−0.8	—
Fixed Interest	255.2	268.6	−1.5	—
Managed	311.4	327.7	−0.7	—
Deposit	186.8	196.6		—
Overseas	204.9	215.6	−0.4	—
Property	284.8	299.7		—
American	211.7	222.8	−0.9	—
Australian	117.4	123.5	+1.0	—
European	196.0	206.2	+1.0	—
Gilt & Fxd Int	138.9	146.2		—
Income Accum	261.2	274.9	−0.5	—
Income Distrib	203.7	214.4	−0.3	—

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks.
Aylesbury (0296) 5941

Managed	321.1	338.0	−0.1	—
Property	239.9	252.6		—
Fixed Int.	149.1	157.0	−0.9	—
UK Equity	311.0	327.4	+0.7	—
Int Equity	241.3	254.1	+0.4	—
Deposit	141.0	148.5	+0.1	—
Managed Property	121.1	127.5	+1.5	—
American Eagle	114.0	120.1	−0.9	—
Technology	88.9	93.6	−3.3	—
U.S. Special Bond	131.8	138.8	+0.3	—
Pacific	114.9	121.0	+0.9	—
Australian	115.8	121.9	+0.7	—
Japan	168.6	177.5		—
Malaysia & S'pore	122.9	129.4	−0.7	—
Commodity	121.6	128.0		—
Energy	83.8	88.3	−0.9	—
Gold	115.9	122.0		—
Financial	144.7	152.4	+0.1	—
Income	154.0	162.2	−1.1	—
Special Situations	183.6	193.3	−0.1	—
Preference	107.0	112.7		—
Managed Currency	79.7	83.9		—
European				—
Sterling	10.1			7.5

CAL Investments (IoM) Ltd
16 St Georges Street, Douglas, IoM 0624 20231

CAL C & C*	54.9	57.8		—
CAL Metals*	89.6	94.4		
CAL Silver**	190.8	201.8	+4.2	
CAL Gold**	62.5	65.8	+0.1	
CAL Copper**	110.0	115.8	+0.1	
CAL Aluminium**	68.8	72.5	+0.5	

*Dealings Monday **Dealings daily

CAL Investments (Bermuda) Ltd
PO Box 1022, Hamilton, Bermuda. (809-29) 55950

CAL CTR Fund	47.77	50.3		—
CAL Futures Fund	110.08	112.3		—

Capital International Fund S.A.
43 Boulevard Royal, Luxembourg

Capital Int. Fund	$35.17		—

Capital Preservation Fund Intl.
14 rue Aldringen, Luxembourg 1118

Cap Pres Fund	$11.19		—

Cater Allen Investment Management (C.I.)
29a Broad St, St Helier, Jersey, CI. 0534 78898

CA Dollar Inc Fd	$10.22	10.25		10.55
CA Gilt Edg Fd	£12.45	12.52	−0.02	11.50

Grindlay Henderson Mngt Ltd.,
PO Box 414, St Helier, Jersey.

Managed Fund	£11.9541 12.5518	
Managed Acc.	£12.1653 12.7736	
Sterling Fund	$10.2168	
Sterling Acc	£11.4664	
US$ Fund	$20.2788	
US$ Acc.	$22.8680	
DM Fd.	DM53.2467	
SF Acc	SF52.3422	
Yen Acc.	¥5,400	

GRE International Invest Mgrs Ltd
PO Box 294, St Helier, Jersey.

Man Cur Fund	£11.89	

Guinness Mahon Int. Fund (Guernsey)
PO Box 188, St. Peter Port, Guernsey.

U.S.$ Price (Part)	$18.54	19.04
£ Sterling Equivalent	£17.12	17.66
U.S. $ Price (Accum.)	$21.59	22.17
£ Sterling Equivalent	£19.94	20.57

Currency Deposit Shares (Daily)

Dollar	$22.878
Sterling	111.37
Yen	Y5,384.951
Deutschemark	DM53.435

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd.	$11.38		−0.10	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd, London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	12.6	13.3	3.10
Chinese Fund	57.1	59.5	1.70
Precious Metal Fund	69.6	72.5	8.30
Vanguard Cmdy. Fd.	19.3	19.8	0.00
Financial Futures Fd.	32.4	33.7	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd.	$8.61		−0.01

Money Market Trust Funds

	Nom	CAR	Int Cr	Notice
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	14.58	15.24	6-mth	Call
7-day Fund	14.10	14.72	6-mth	7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	14.44	14.96	6-mth	Call
7-day Fund	14.11	14.60	6-mth	7-day
Money Mngt. Acct.	14.00	14.75	3-mth	Call
Dollar	7.50	7.64	6-mth	2-day

Money Market Bank Accounts

	Nom	CAR	Int Cr	Notice
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	13.79	14.48	Qtr	Call
Mth. Int. Chq.	13.50	14.37	Mth	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc.	13.20	14.03	Mth	Call
Barclays Prime Account				
Premier Acc.	13.45	14.40	Daily	Call
Tyndall & Co 29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	14.08	14.84	Qtr	Call
Money Acc.	13.75	14.47	Qtr	Chq/7
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	13.75	14.65	Mth	Call
Over £10,000	14.00	14.93	Mth	Call

Notes: CAR = compounded annual rate. Int Cr = frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

EEC raises cereal export subsidies after protests

BY ANDREW GOWERS

EEC MARKET managers yesterday effectively quelled, at least for the time being, a growing storm of protest from grain traders over cereal export policies.

The Community's cereals management committee agreed a substantial increase in the maximum export subsidy for cereals, and opened the way to *the largest quantity of exports* for several weeks.

It granted export licences — mainly to French traders — for 427,500 tonnes of soft wheat at a maximum rebate of Ecu 24.49 per tonne and for 139,000 tonnes of barley at a maximum rebate *of Ecu 42.99.*

The move came only hours after the grain traders' lobbying organisation in Brussels, Coceral, had written to *the* Commission's new director-general for agriculture complaining about the low level of cereals exports this year.

In its letter, Coceral said the Commission's policy of keeping export subsidies at the lowest possible level had kept exports well below target. This had exacerbated their difficulties in selling the EEC's record grain harvest in a stagnant world market.

The Commission, which *is* struggling to contain its costs and which has already fallen out with grain traders on this issue at least once this season, says it proposes export subsidies according to what *it estimates* the market—bearing in mind above all the dollar exchange rate—will bear.

Ideally, it wants to be able to export with no subsidy at all, a goal it came quite close to last year because of the strength of the dollar against European currencies.

If the trade proposes a *subsidy which Brussels believes* to be unjustifiably high, the Commission simply refuses all export offers, as it did for several weeks during the autumn and again in mid-*February*.

This has led to accusations from the trade, voiced again yesterday by Mr David Nelson-Smith, president of Britain's Grain and Feed Trade Associa*tion (Gafta). that* the Commission is missing out on export opportunities, and by pursuing a "stop-go" export policy, damaging the Community's reputation in the world market.

"We get no feeling that the Commission wants to be re*garded as a serious exporter.* They are playing with the trade," said Mr Nelson-Smith, who is also director of Cargill UK.

Last week, the management *committee authorised* the export of only 21,000 tonnes of wheat with an export subsidy of Ecu 22 per tonne, and 30,000 tonnes of barley with an Ecu 42 a tonne subsidy.

*Coceral argued that an in*crease of only Ecu 2 a tonne in the wheat export subsidy could have boosted export offers to 489,000 tonnes, and that a Ecu 1.5 rise in the barley sub*sidy could have increased ex*ports to 415,000 tonnes.

As a result of the Commission's policy, says Coceral, wheat exports have totalled only 9.2m tonnes so far this season, compared with an overall target of around 14m tonnes.

Meanwhile, grain sales into intervention have been continuing at record levels. In the UK, according to the Home-Grown Cereals Authority, weekly offers averaged more than 100,000 tonnes up to the beginning of March. Ironically, this has led to a rise in prices, with fears surfacing that free market supplies could run short before the end of the season.

World sugar production forecast raised

By Our Commodities Staff

THE WORLD SUGAR Journal has lifted its forecast for 1984-1985 world sugar production to 96.72m tonnes from its January forecast of 95.97m.

Higher output in the Soviet Union, Yugoslavia and Iran accounts for the change, it says in its February issue, published yesterday. *Estimates for Argen*tine production have fallen.

It forecasts free market raw sugar supplies will exceed demand by about 1.84m tonnes, while white sugar demand will *exceed free market supplies of* 7.71m tonnes by about 599,000 tonnes.

● **CUBA'S** 1984-85 sugar crop started more slowly than last season, latest statistics received by the International Sugar Organisation show.

Production in October to December was only 538,440 tonnes against 1.09m at the same stage of the 1983-84 crop which totalled 8.33m tonnes.

● **AN 11-MEMBER** Association of African Palm Oil Producing Nations has been set up at a conference in Abidjan, Ivory *Coast*.

Ivorian Agriculture Minister Mr Denis Bra Kanon told the meeting, sponsored by the UN Food and Agriculture Organisation, that the association's chief *aim was to restore Africa's lead*ing role on the world market through increased production and exchange of technical data between members. Africa's share of world palm oil exports *fell* to 3 per cent in 1983 after reaching 70 per cent in the 1950s.

● **THE SOVIET** daily Selskaya Zhizn said exceptionally cold weather in most parts of the Soviet Union had been good for winter crops. Snow cover of 20-78 cm across European Russia had protected winter crops and severe frosts had not *affected growth*.

● **EXPORTS** of Philippine coconut products in the first two months of 1985 fell to 102,697 tonnes in copra terms, worth $64.68m, from 198,053, worth $133.56m, a year ago, the Philippine Coconut Authority said.

Futures traders look ahead with confidence

Nancy Dunne finds optimism in U.S. markets despite a poor year

PITHY COMMENTS from a talking robot greeting visitors to the U.S. futures industry's annual meeting in Boca Raton, Florida, last week demonstrated that a depressed year in traditional commodity markets had not deprived the industry of its sense of fun. Neither had the sharp contraction in the brokerage community seriously dented the industry's noisy confidence about the future.

There was talk of new products, new linkages and the advent of 24-hour trading by exchanges encircling the globe.

But new notes of caution appeared. Contract proliferation is causing confusion among customers, said one exchange official. Think twice about duplicating successful contracts on other exchanges, warned others.

Even as the New York Commodity Exchange and the Sydney Futures Exchange signed a formal agreement to link up trading on gold toward the end of this year, Mr Henry Maringer of H. Maringer Associates warned officials to "think before you link." Much ing overseas laws and regulawork must be done in examintory environments. he said. commodity futures trading commissioners, said the commission's resources would fall under President Reagan's proposed budget. Applications for innovative *contracts* consumed a lot of staff time—besides costing each exchange $10,000 each—so, he urged, "think through the next generation of futures contracts."

The Chicago *Board* of Trade will no longer "introduce contracts that we throw up on the board to see if they work," said Mr John Gilmore, CBT vice-president. "The co-operation of the primary industry in new contract development is now absolutely essential," he said.

The Chicago board is preparing to introduce a municipal bonds contract which, according to Mr Gilmore, took *eight years* to develop with the help of municipal bond dealers, who had, themselves, asked for a hedging vehicle.

But in spite of the admonitions, there was no scarcity of new contracts to discuss. The Coffee Sugar and Cocoa Exchange and the New York Cotton Exchange will take their first plunge this year into non-traditional contracts. The consumer price index contract, designed by the CSCE as a hedging tool against inflation, is set for a launch next month.

The cotton exchange will introduce a dollar index calculated against ten foreign currencies and, for another first, has invited floor participation by traders from the other New York exchanges.

Contract proliferation may be a concern, but contract duels are not dead. The CBT and the Chicago Mercantile Exchange are prepared to do battle with two contracts aimed at capturing the interest of over-the-counter stock investors.

The industry's regulator, the CFTC, is now 11 months away from reauthorisation, said Miss Susan Phillips, the chairman. Before then, the commission is determined to improve sequential recording of futures transactions. One proposal, for one minute time stamping has much of the industry up in arms, claiming it will slow down business and reduce liquidity.

Miss Phillips, however, was adamant. The exchanges will be given *flexibility* in determining how to improve audit trails, she said, but if they are sophisticated enough to establish international linkages and a host of new products, they can come up with new methods for monitoring trading.

Congressmen at the meeting said the CFTC could be assured of a simple and easy reauthorisation. However, moves to merge the commission with the more rigid Securities and Exchange Commission terrifies futures traders.

So does any threat to its precious open outcry system. Mr David Graves, executive vice president of the International Futures Exchange (Bermuda) warned that electronic trading would have to come.

"The classic response to atuomation," he said, "is that it will put me out of a job. What costs jobs is those who prevent progress while the world moves on around them."

Alan D. Grody, a partner in Coopers and Lybrand, an accounting and consulting firm which studied the industry, said the floor trader was the industry's most valued asset but his training was expensive. "Careful management of the balance between automated trading and the open outcry method is important to the viability of new and existing markets," he said.

Cautious approach for Jakarta commodity exchange

BY KIERAN COOKE IN JAKARTA

FINDING out when the Jakarta Commodity Exchange will open *is rather like speculating* on futures. The idea for an exchange in Indonesia, one of the world's leading commodity suppliers, goes back to 1970. But only in the past two years has there been any real move towards its formation.

Opening dates have been chalked up regularly, only to be wiped out. But now the exchange chairman, Mr Paian Nainggolan, says everything is ready and traders and government officials say trading will begin by April 1.

The delays result from the now familiar caution of Indonesia's financial planners. At first, a government team recommended that the exchange trade in a number of commodities. Later this was rejected, and now only rubber will be traded in the first year. Indonesia is the world's second biggest rubber producer with exports of nearly $1bn last year.

Later, probably next year, coffee will be added, with plywood, tin and spices being introduced over the next five years.

A careful approach is also being taken in the conduct of the exchange. Trading will be limited to physical contracts, though papers can be retendered within three months. *Price fixing will be on the open* outcry system while trading itself will be limited to five hours a day, two days a week.

Mr Nainggolan is determined the exchange will avoid troubles such as the contract defaults that hit Kuala Lumpur recently. He says the exchange's main purpose is to improve existing price fixing and to help both the smaller domestic producers and foreign buyers by providing a well regulated marketing outlet.

Mr Nainggolan believes that with no experience, Indonesia would be taking on more prob*lems than it could handle by* going into the futures market straightaway. "We want to keep out the gamblers," he says, "but there will still be room for speculation through the retendering process."

Rubber was chosen as the first to be traded because its price has been more stable, and the market more defined and better managed than other commodities. In the past the big trading houses, both in Indonesia and Singapore, were often able to dictate prices to the thousands of small rubber producers in *Indonesia who produce most of* the country's rubber.

Quality controls were often not strictly enforced with the smaller producers given little incentive to improve their crops. Now, it is hoped, all this will change. Mr Nainggolan says the exchange will provide the same opportunities for big and small producers.

"They can both sell directly into the *exchange and most im*portant, the small producer will no longer have to invest in marketing operations in order to get a fair price for his crop."

At the same time it is hoped that quality—one of the main obstacles to the further development of Indonesia's rubber industry—will be improved by requiring all those trading to adhere to strict licensing and quality requirements.

The exchange will have *fewer than 30 members* at first. Foreign companies will only be allowed in as associate members, not *floor* members, and will only be able to buy, but not sell, export contracts.

One, two and three month contracts will be offered, with delivery on the 25th of the delivery month. *Such contracts* can be retendered up to the 10th of the delivery month.

Sell poor land, investors told

INSTITUTIONAL investors should sell off poor quality farm land, says the ltest bulletin from Agricultural Investment Services (AIS).

AIS, a research and advisory organisation formed recently to serve financial institutions interested in the agricultural land market, is advising clients against buying farm land "unless there are exceptionally special circumstances."

"We are not recommending *that prime farms (either arable* or dairy) are sold," the bulletin says. "But we advise clients to sell any poor quality farms, if a good offer is forthcoming."

AIS bases its view on the poor prospects for farm earnings and therefore for growth in rental and capital values.

Tight vote as MEPs urge 3.5% rise in farm prices

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Parliament yesterday voted by the narrowest of margins—10 votes—to raise prices for EEC farmers, in spite of mounting unsaleable surpluses.

The motion calling for a 3.5 per cent average price increase, instead of the virtual freeze proposed by the Commission, will now be forwarded to *the Council of Farm Ministers.* They are due to agree a new deal by April 1.

The significance, however, of the move was rather in the size of the opposition vote, which united most of the Socialist group, the Italian Communists, and both Labour and Conservative British *MEPs*. They managed 139 votes, against 149 by the traditional farm lobby majority, making the result much closer than in past years.

The motion was proposed by the Christian Democrats, calling for less than the 4.5 per cent increase demanded by the agriculture committee. In addition, it proposed that produce in *heavy surplus should be* penalised by smaller increases.

The Parliamentary majority in favour of the price rise included the Christian Democrats, French Gaullists, Communists and Socialists, all the Irish MEPs from Fine Gael and Fianna Fail, and some Liberals.

LONDON MARKETS

UNCERTAINTY over the outcome of the Geneva talks on renegotiating the *International Cocoa Agreement led* to arratic price movements on the London futures market yesterday.

The May delivery quotation opened at £2,133 a tonne, which proved to be the day's high, on optimism about the talks after news that the Ivory Coast farm minister was returning to the meeting.

But the optimism faded when it was reported that the talks remained deadlocked. The May price slipped back to end only £2.50 up on the day at £2,095 a tonne.

Coffee futures lost early modest gains in quiet trading conditions and the May position ended £3.50 up at £2,342.50 a tonne.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Mar. 14 1985	+ or −	Month ago
Aluminium	£1100		£1100
Free Mkt	$1120/140	−10	$1155/1175
Copper			
Cash h Grade	£1256.5		£1301
3 mths	£1279.5	−17.25	£1326.75
Gold troy oz	$291.75	−1.75	$304.5
Lead Cash	£313.5	−0.5	£338.75
3 mths	£322	−1.25	£348.5
Nickel			
Free Mkt	223/262c	+2	228/258c
Palladium oz	$101.55	−9.20	$129.10
Platinum oz	$247.00	−2.75	$275.25
Quicksilver	$290/300		$295/305
Silver troy oz	523.50p	+10.15	576.90p
3 mths	540.55p	+10.40	594.90p
Tin cash	£10,155	−10	£10,020
3 mths	£10,152.5	−10	£10,025
Tungsten	$76.65		$78.27
Wolfram 22 04lb	$75/78		$72/76
Zinc	£840	+15	£778.25
3 mths	£809.5	+10	£775.25
Producers	$900-940		$900

	Mar. 14 1985	+ or −	Month ago
OILS			
Coconut (Phil)	$900v	−5	$760
Palm Malayan	$615y	−5	$575
SEEDS			
Copra Phil	$525v	−5	$490
Soyabean (U.S.)	$245.75	+1	$243.5
GRAINS			
Barley Fut. May	£117.00	−0.40	£115.55
Maize	£149		£148.00
Wheat Fut. May	£119.00	−0.35	£116.50
No. 2 Hard Wint.	‡	—	‡
OTHERS			
Cocoa Ft. May	£2095	+2.5	£2158
Coffee Ft. May	£2432.5	+3.5	£2389.5
Cotton A Index	66.90c	+0.15	69.10c
Gas Oil April	$223.5	+3.5	$251.5
Rubber (kilo)	69.5p		64.75p
Sugar (raw)	$112.5v	+4.5	$106
Wooltops 64s	522pkilo		526pkilo

‡ Unquoted. w April-May. x April. y May. v March-April. † Per 75-lb flask. n Nominal. c Cents a pound.

INDICES

FINANCIAL TIMES

Mar. 13	Mar. 12	M'th ago	Year ago
299.79	298.70	298.85	301.27

(Base: July 1 1952 = 100)

REUTERS

Mar. 14	Mar. 13	M'th ago	Year ago
2020.7	2013.6	2026.3	1983.1

(Base: September 18 1931 = 100)

MOODY'S

Mar. 13	Mar. 12	M'th ago	Year ago
950.4	949.2	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Mar. 13	Mar. 12	Month ago	Year ago
Spot	116.76	116.28	—	—
Fut.	120.63	120.49	—	—

(Base: December 31 1974 = 100)

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	1257.5-8.5	+0.5	1258-9	—
3 months	1277-8	+2.0	1279-80	+1.75
Settlem't	1258.5	+0.5	—	—
Cathodes				
Cash	1252-4	+10.5	1253-5	+9.5
3 months	1272 4	+5.5	1273 75	+3.5
Settlem't	1254	+11	—	—

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1,258, three months £1,279, 78, 77, 76.5, 77. Kerb: Higher Grade: Three months £1,278, 79, 78.5, 79, 80. Afternoon: Higher Grade: Cash £1,258.5, three months £1,279. Kerb: Higher Grade: Three months £1,279, 79.5, 79, 78, 77. Turnover: 62,800 tonnes. U.S. Producers: 64-67 cents a pound.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	10160-70	+15	10168-70	+12
3 months	10150-60	+5	10155 60	+5
Settlem't	10170	+15	—	—
Standard				
Cash	10128 32	−12.5	10138 40	−10
3 months	10128-30	−16.5	10138-5	−10
Settlem't	10132	+15	—	—
Straits E.	$29.15	—	—	—

Tin — Morning: Standard: Three months £10,140, 30, 28. Kerb: Standard: Three months £10,130. Afternoon: Standard: Three months £10,135, 30. Kerb: Standard: Three months £10,135, 40. Turnover: 890 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	314-.5	−3.87	313 4	−.5
3 months	322-.5	−4.5	321.5-2.5	−1.25
Settlem't	314.5	−3.75	—	—

Lead—Morning: Cash £315, 14.5, three months £324, 23.5, 23, 22.5, 22, 22.5, 22. Kerb: Three months £322.5, 23. Afternoon: Three months £322, 22.5, 22. Kerb: Three months £321.5, 22. Turnover: 15,325 tonnes. U.S. Spot: 17-22 cents a pound.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	834-5	+17	839-41	+15
3 months	805-6	+7.75	809-10	+10
Settlem't	835	+16	—	—

Zinc — High Grade Official/Unofficial prices: Cash am £845-847, pm £840-£844, three months am £839-841, pm £839-842. Settlement £847. Morning: Cash £835, three months £805. High Grade: Cash £841. Kerb: Three months £805, 6, 7. Afternoon: Three months £806, 8, 9, 10. Kerb: Three months £811, 10, 11. Turnover: 10,075 tonnes. U.S. Prime Western: 45-45.75 cents a pound.

ALUMINIUM

Alumn'm	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	996.5-9	+7.25	999.5-1000.5	+7
3 months	1035-.5	+8.25	1037-.5	+7.75

Aluminium—Morning: Three months £1,036, 35, 34, 35, 36, 35.5, 35. Kerb: Three months £1,035.5, 35. Afternoon: Three months £1,036, 37, 38, 39, 38, 37.5. Kerb: Three months £1,038, 39, 40, 39. Turnover: 17,800 tonnes.

GOLD

Gold fell $1¼ an ounce from Wednesday's close in the London bullion market yesterday to finish at $291½-$292. The metal opened at $291-$291½ and traded between a high of $292¾-$292¾ and a low of $289¾-$290¼. Gold was *confined to a relatively narrow* range as currencies stabilised in the foreign exchange market ahead of today's U.S. producer prices index.

GOLD BULLION (fine ounce) Mar. 14

Close	$291½-292	(£269¾-270¼)
Opening	$291-291½	(£268¼-268¾)
M'n'g fix	$290.25	(£268.625)
Aft'n'n fix	$290.75	(£269.288)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$300¼ 301	(£279¾-280¼)
½ Krug.	$154½-155¼	(£143-143½)
¼ Krug.	$78¾ 79½	(£72¾-73½)
1/10 Krug.	$31¾-33½	(£29¼ 30)
Mapleleaf	$300¼-301¼	(£278-278¾)
New Sov.	$69½-70¼	(£64½-65)
½ New Sov	$41¼-42	(£38¼-38¾)
Old Sov.	$69-70½	(£63¾-65¼)
$20 Eagle	$465-485	(£431-448¾)
Noble Plat	$253½-256½	(£234½-237¼)

SILVER

Silver was fixed 10.15p an ounce higher for spot delivery in the London bullion market yesterday at 523.5p. U.S. cent equivalents of the fixing levels were: spot 565.65c, up 8.65c; three-month 578.35c, up 9.25c; six-month 592.65c, up 8.75c; and 12-month 624.80c, up 11.13c. The metal opened at 520-523p (564-567c) and closed at 524½-527½p (567-570c).

SILVER per troy	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	523.50p	+10.1	521.5p	−5.5
3 months	540.55p	+10.4	539.5p	−6
6 months	556.30p	+9.75	—	—
12 months	585.30p	+11.2	—	—

LME—Turnover: 69 (246) lots of 10,000 oz.

Morning: 2nd ring cash 522, three months 542, 43. Kerb: three months 543. Afternoon: 1st ring three months 544. 2nd ring three months 541.5, 41, 40. Kerb: three months 542.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	4735 40	+55	4718-20	+32.5
3 months	4795-8	+54	4782-5	+55.5

Nickel — Morning: Three months £4,800, 4,795. Afternoon: Three months £4,785, 2. Kerb: Three months £4,785. Turnover: 1,380 tonnes.

COCOA

Futures opened £40 higher on hopes of progress in the cocoa pact talks, then eased on trade and commission house selling as no news emerged. Actuals remained quiet, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
March	2101-2102	−4.0	2140-2089
May	2094 2096	+2.5	2135 2085
July	2066 2070	−2.5	2102 2066
Sept.	2045 2047	−8.0	2067-2050
Dec.	1970-1973	+6.0	1992 1967
Mar.	1964-1969	+5.5	1980-1969
May	1963 1965	+6.5	1969-1965

Sales: 5,036 (5,373) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for March 14: *97.71 (97.93); five-day average for* March 15: 97.82 (97.29).

COFFEE

During a quiet session values consolidated in a narrow range around unchanged levels, reports Drexel Burnham Lambert. A lower New York market failed to weaken prices as commission house support and some light profit-taking attracted additional buying.

COFFEE	Yesterd'ys Close	+ or −	Business Done
March	2376-78	+7.0	2385-76
May	2431-34	+5.5	2440 27
July	2473 77	+6.0	2482 71
Sept.	2504 06	+5.5	2514 02
Nov.	2504-06	+2.5	2514-00
Jan	2460-65	+2.0	2475 65
March	2400 50	—	—

Sales: 1,565 (2,363) lots of 5 tonnes.

ICO indicator prices (U.S. cents per *pound) for March 13: Comp. daily 1979* 132.12 (132.72); 15-day average 131.08 (131.01).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 108 tonnes. Mixed operations indicated some freer involvement among spinners. Activity centred on Turkish and American supplies.

GRAINS

Old crop wheat dipped sharply after a steady opening. Values rose on shipper buying at 25p down only to *drift back to close at the day's lows.* Barley eased on lack of real buying interest. New crops values steadied on support at 30p down, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterdys close	+ or −
Mar.	116.00	−0.30	114.35	−0.30
May	119.00	−0.55	117.00	−0.48
July	122.60	−0.45	—	—
Sept.	97.80	—	97.55	+0.58
Nov.	101.00	−0.05	101.15	+0.25
Jan	104.80	+0.05	104.50	+0.20

Business done — Wheat: March 116.20-6.00, May 119.50-9.00, July 123.15-2.60, Sept 97.80-7.50, Nov 101.00-0.75, Jan 104.80-4.55. Sales: 410 lots of 100 tonnes. Barley: March untraded, May 117.45-7.10, Sept 97.50-7.15, Nov 101.15-0.80, Jan 104.25-4.20. Sales 89 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 114.60, W. Mids 116.20, N. West 110.10. The UK monetary coefficient for the week beginning Monday March 18 will remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 15 per cent March 181.35, April-May 165.20, June 167.45, July 167.50 transhipment East Coast. U.S. No. 2 Soft Red Winter April 160.75, May 161.25, July 148.50 transhipment East Coast. EC French July 110.25-119 cif free out South-west Coast. English Feed fob April-June 122 paid East Coast. Maize: U.S. No. 3 Yellow-French transhipment East Coast March 149. Barley: English Feed fob March 117, April 118.50 East Coast. Rest unquoted.

PIGMEAT

The market held steady through the morning but eased on profit-taking on the close, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
April	109.80	109.50	110.50-109.50
June	107.90	107.60	108.50-107.90
Aug.	103.20	102.80	103.50
Oct	108.90	108.80	109.00
Nov	110.00	109.70	110.10-110.00
Feb	100.50	100.10	—

Sales: 101 (92) lots of 50 carcases, 3,250 kg.

POTATOES

Old crop positions opened firmer but keen selling interest eroded recent *gains, reports Coley and Harper.*

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
April	42.90	43.50	43.70-42.80
May	47.50	49.10	48.80-47.50
Nov	70.60	70.80	70.50
Feb	79.80	80.30	—
Apr	93.00	92.40	93.00-92.80

Sales: 327 (384) lots of 40 tonnes.

OIL

There was very little trade in a directionless Brent market and prices were stable. *Nymex was similar and* little changed. In the petroleum products market gas oil was weak in nervous trade due to reports that Russian supplies for the 2nd-half of March will be significantly heavier than expected. This led buyers of non-EEC *and EEC qualified gas oil to lower their* bids. Heavy fuel continued to weaken due to good supply and poor demand.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	27.65-27.75	—
Arab Heavy	26.55-26.65	—
Dubai	27.00 27.05	—
Brent Blend	27.70 27.75	—
W.T.I. (1pm est)	27.80-27.85	—
Forcados (Nigeria)	27.95 28.15	+0.05
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	248-250	+1
Gas Oil	233-235	−5
Heavy fuel oil	169-171	−2

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or −	Business Done
	$ U.S. per tonne		
March	234.00	−1.50	258.00-33.75
April	223.50	−0.25	224.00-22.75
May	219.25	−0.75	220.25-18.25
June	218.75	+0.25	218.75
July	219.00	+0.50	219.00
Aug	220.75		—
Sep	225.00	−0.75	225.00

Turnover: 876 lots of 100 tonnes.

RUBBER

PHYSICALS—The London market opened easier, drifted lower throughout the day, and closed on an easier note, reports Lewish and Peat. Closing prices (buyers): spot 69.50p (same); April 74.00p (74.50p); May 74.50p (75.00p). The Kuala Lumpur fob price for April RSS No 1 was 187.0 (190.5) *cents a kg and for* SMR 20 was 188.5 (190.0).

SOYABEAN MEAL

The market opened unchanged to 50p higher in active trading conditions, reports T. G. Roddick. Prices rose further during the afternoon on shipper support.

	Yesterday close	+ or −	Business Done
	£ per tonne		
April	146.0-146.5	+0.95	146.7-146.5
June	140.4-140.7	+0.80	141.0-139.7
August	141.5-141.7	+1.10	141.7
October	145.6-146.2	+0.40	146.8-146.2
Dec	151.5-152.0	—	152.2
Feb	156.0-156.8	−0.35	156.5
April	157.0-158.0	−0.25	—

Sales: 546 (127) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $112.50 (£104.00), up $4.50 (up £5.00) a tonne for March-April delivery. White sugar $133.00, up $3.00.

News that India had been offered 25 cargoes at low prices undermined Wednesday's recovery and prices fell back $3 from the highs, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
May	113.8-114.0	115.4-115.8	115.4-112.0
Aug	119.0-119.6	121.8-121.5	120.8-117.8
Oct	123.6-124.2	126.4-126.8	126.2-123.0
Dec	129.8 131.2	132.4-134.0	130.8
Mar	143.8-144.0	146.4-147.0	146.9-143.8
May	148.8-149.4	151.4 152.4	151.0-148.0
Aug	154.0-156.0	157.0-158.0	157.0-154.4

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for March 13: Daily price 3.88 (3.74); 15-day average 3.82 (3.80).

Sales: 1,467 lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £213.50 (£208.00) a tonne for export.

U.S. MARKETS

PRECIOUS METALS and financials traded in a featureless fashion as traders evened *up positions ahead of the U.S.* money supply and key economic figures on inflation and industrial production due today, reports Heinold Commodities. Copper continued to perform in a featureless fashion reflecting lacklustre demand. Fears that low prices might force production cutbacks supported aluminium. Sugar came under pressure on hedge lifting following the Indian buying tender. Cocoa weakened reflecting concerns over a new cocoa pact agreement. Coffee continued to *weaken on the* large warehouse stocks in New York. Cotton was generally weak on expectations of better producer offerings. The energy complex continued to focus on *near-term supply tightness.*

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
March	48.50	48.60	48.30	48.15
April	48.70	48.70	48.70	48.35
May	49.10	49.20	48.80	48.80
July	49.90	49.90	49.75	49.65
Sept	50.75	50.70	50.70	50.50
Dec	52.00	—	—	51.75
Jan	52.40	—	—	52.15
March	53.25	—	—	53.00
May	54.05	—	—	53.80
July	54.85	—	—	54.60

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	2175	2180	2153	2210
May	2169	2200	2158	2216
July	2080	2095	2070	2113
Sept	2055	2076	2050	2090
Dec	2005	2015	1990	2025
March	1995	2002	1995	2015
May	1995	—	—	2015
July	1995	—	—	2015

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
March	140.45	41.50	40.20	41.50
May	142.12	42.70	41.50	42.77
July	143.14	43.20	42.21	43.03
Sept	142.69	42.75	41.76	42.35
Dec	142.00	42.00	41.20	41.53
March	141.50	41.50	41.50	40.65
May	140.08	—	—	40.00
July	139.25	39.25	39.25	39.00

COPPER 25,00 lbs, cents/lb

	Close	High	Low	Prev
March	59.00	59.05	58.90	59.10
April	59.25	—	—	59.40
May	59.70	59.85	59.50	59.85
July	60.35	60.40	60.10	60.45
Sept	60.85	60.90	60.70	60.95
Dec	61.70	61.80	61.60	61.75
Jan	61.95	—	—	62.00
March	62.50	62.65	62.50	62.55
May	63.10	63.20	63.20	63.15
July	63.70	—	—	63.75

SPOT PRICES—Chicago loose lard 24.50 (24.00) cents per pound. New York tin 509.0-25.0 (506.0-25.0) cents per pound. Handy and Harman silver bullion 567.5 (571.0) cents per troy ounce.

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
May	65.68	66.00	65.65	66.20
July	65.18	65.44	65.10	65.38
Oct	65.02	65.20	65.00	65.22
Dec	65.20	65.46	65.20	65.50
March	66.20	—	—	66.50
May	66.65	—	—	66.96
July	66.75	—	—	67.10

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
April	28.20	28.23	27.92	28.06
May	27.52	27.58	27.35	27.46
June	27.10	27.16	26.90	27.03
July	26.92	26.95	26.64	26.74
August	76.75	26.95	26.60	26.70
Sept	26.75	—	—	26.63
Oct	26.76	—	—	26.66
Nov	26.60	26.65	26.65	26.68
Dec	26.50	26.50	26.50	26.69
Jan	26.66	—	—	26.69

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
March	291.0	—	—	291.1
April	291.8	293.2	290.6	291.9
May	293.9	—	—	294.0
June	296.0	297.2	294.7	296.1
Aug	300.6	301.5	299.8	300.7
Oct	305.6	306.3	305.0	305.6
Dec	311.1	311.6	310.3	311.1
Feb	316.5	317.3	316.6	316.5
April	322.2	—	—	322.1
June	328.3	—	—	328.1
Aug	334.7	—	—	334.5
Oct	341.2	—	—	340.9
Dec	347.6	—	—	347.3

HEATING OIL 42,00 0U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
April	76.30	76.40	74.90	75.13
May	73.10	73.20	72.45	72.77
June	71.55	71.80	71.15	71.45
July	71.30	71.40	70.80	71.30
Aug	71.40	71.40	71.15	71.70

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
March	163.50	64.00	63.25	63.75
May	166.20	66.30	65.70	65.90
Sept	166.60	66.80	66.20	66.25
Nov	165.15	65.00	66.00	65.05
Jan	163.90	—	—	63.90
March	164.25	—	—	64.10
May	164.25	—	—	64.10
July	164.25	—	—	64.10

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
March	242.4	—	—	244.4
April	243.3	246.5	242.0	245.3
July	247.3	250.5	247.0	249.8
Oct	252.8	256.0	254.0	255.6
Jan	259.5	—	—	262.4
April	269.5	—	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
March	566.0	573.0	564.5	568.5
April	570.2	—	—	570.7
May	574.0	579.0	569.5	574.5
July	583.0	588.0	579.5	583.6
Sept	593.5	597.0	590.0	594.2
Dec	610.1	613.0	606.0	610.8
Jan	615.9	—	—	616.6
March	626.9	629.0	623.0	627.6
May	639.1	643.0	640.0	639.8
July	651.5	—	—	651.8

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
May	3.95	4.08	3.89	4.09
July	4.13	4.29	4.09	4.31
Sept	4.29	4.44	4.31	4.47
Oct	4.45	4.61	4.40	4.62
Jan	4.84	5.08	5.08	5.10
March	5.38	5.52	5.35	5.56
May	5.61	5.75	5.61	5.78
July	5.86	5.97	5.86	6.02

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
April	62.75	63.40	62.52	62.67
June	65.72	66.47	65.60	66.50
August	65.22	65.82	65.20	65.87
Oct	63.60	64.02	63.52	64.07
Dec	64.77	65.37	64.60	65.40
Feb	65.20	65.60	65.20	65.80
April	66.95	66.95	66.95	66.95

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
April	45.82	46.20	45.80	46.65
June	50.47	51.32	50.20	51.48
July	51.62	52.52	51.45	52.57
August	51.10	51.97	51.02	51.96
Oct	47.32	48.20	47.32	48.02
Dec	47.97	48.50	47.90	48.65
Feb	48.10	48.60	48.10	48.80
April	46.00	46.00	46.00	46.97
June	47.80	47.80	47.80	47.80

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
March	272.4	273.4	271.4	271.2
May	274.4	274.6	273.4	273.6
July	275.0	276.6	274.6	275.0
Sept	267.2	268.4	267.0	267.6
Dec	261.4	263.0	261.4	262.0
March	270.0	271.2	270.6	270.2
May	276.2	277.2	276.2	276.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
March	72.05	73.25	71.70	73.15
May	72.10	73.35	71.65	73.70
July	72.45	73.35	72.15	73.20
August	70.22	71.25	70.05	71.05
Feb	71.55	71.60	71.00	72.07
March	70.60	70.60	70.50	71.25
May	71.40	71.40	71.40	72.00
July	71.90	71.90	71.90	72.50

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	582.4	583.2	576.2	578.4
May	590.2	591.0	583.6	584.4
July	598.6	599.0	593.0	594.2
August	599.2	600.0	595.0	596.2
Sept	595.4	596.4	591.4	592.0
Nov	597.2	599.0	592.4	593.6
Jan	608.4	608.4	604.0	605.0
March	620.0	620.0	615.0	617.0
May	627.0	—	—	624.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	129.0	129.5	127.5	128.7
May	132.6	134.2	132.1	133.7
July	138.5	139.2	137.8	138.4
August	141.2	142.5	140.5	142.3
Sept	143.1	144.6	142.6	144.0
Oct	146.0	146.0	145.5	147.5
Dec	151.5	151.5	150.2	152.0
Jan	152.5	153.5	152.5	153.2
March	157.3	—	—	157.3

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
March	30.87	30.95	29.65	29.72
May	29.00	29.00	27.92	28.00
July	28.00	28.00	26.97	27.06
Aug	27.30	27.30	26.30	26.40
Sept	26.60	26.60	25.70	25.77
Oct	25.76	25.80	24.95	25.01
Dec	25.00	25.00	24.50	24.52
Jan	24.70	24.70	24.50	24.30

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
March	351.0	351.4	347.0	348.0
May	340.6	341.0	337.2	338.0
July	329.4	329.6	326.6	327.2
Sept	330.0	330.0	327.6	328.0
Dec	341.0	341.0	337.4	338.4
March	346.6	345.6	344.4	343.4

OTHER MARKETS

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Mar 482, 505, 475; May 508, 508, 506; Aug 531, 532, 532; Oct 533, 536, 534; Dec 532, 536, 534; Jan 534, 536, 535; Mar 545, 546, 546-545; May 550, 552, 553-551; Aug 563, 565, 564. *Sales:* 41.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Mar 594.0, 600.0, untraded; May 626.0, 627.0, 627.0-625.0; July 626.0, 626.0, 627.0-626.0; Oct 602.0, 605.0, *u/t; Dec* 607.0, 609.0, 608.0; Mar 613.0, 613.0, 615.0-613.0; May 620.0, 625.0, 620.0; July 621.0, 640.0, u/t. Sales: 75.

MEAT

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 76.0-81.0; English hindquarters 90.0-98.0, forequarters 52.0-56.0; Ulster forequarters 49.5-58.0. Veal—Dutch hinds and ends 123.0-127.0. Lamb—English small 82.0-88.0, medium 78.0-84.0, heavy 74.0-80.0; Scotch heavy 74.0-79.0; Imported: New Zealand PL (new season) 70.0-71.0, PL (old season) 67.5-68.0, PX (new season) 66.0-67.0. Pork—English under 100 lb 48.5-60.5, 100-120 lb 50.0-57.0, 120-160 lb 41.0-49.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—*Cattle* 95.69p per kg lw (−0.26). GB—Sheep 200.28p per kg est dcw (+11.96). GB—Pigs 81.34p per kg lw (+1.56). GB—AAPP 102.04p per kg dw.

PARIS

SUGAR—(FFr per tonne): May 1360-1365, Aug 1420-1430, Oct 1575-1579, Dec 1530-1560, March 1638-1642, May 1684-1695.

COCOA—(FFr per 100 kg): March 2320-2345, May 2305-2306, July 2260 bid, Sept 2265-2280, Dec 2165-2185, March 2175 asked, May 2170 asked.

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. two soft red winter April 157, May 157, July 143. U.S. two northern spring 14 per cent protein Mar 182.50, April/May 165, June 165, July 165, Aug 165.25, Sept 165.25. U.S. northern spring 15 per cent protein April/May 178, Sept 178.50. U.S. three hard amber durum April/May 177, June 177.50, July 178, Aug 178, Sept 176.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up on better sentiment

The dollar showed a firmer trend in currency markets yesterday, highlighting its underlying strength despite recent attempts to push it lower. Early trading saw the U.S. unit quickly pushed firmer from overnight levels amid signs of higher U.S. interest rates and continued strength in the growth of the U.S. economy, following Wednesday's retail sales figures.

The market is now awaiting the release today of U.S. industrial production and producer prices. The dollar closed at DM 3.3845 up from DM 3.3580, having touched a high of DM 3.3915. Against the Swiss franc it rose to SwFr 2.8785 from SwFr 2.8485 and Y260.50 from Y260.15. It was also higher against the French franc at FFr 10.3375 from FFr 10.2550. On Bank of England figures, the dollar's index rose to 154.9 from 154.2.

STERLING — Trading range against the dollar in 1984-85 is 1.4940 to 1.0525. February average 1.0933. Exchange rate index 71.8 from 71.6, having touched a high of 71.9 at the opening. The six months ago figures was 77.7.

Sterling was firmer overall helped by high UK interest rates. The latter responded with a firmer trend as Eurodollar rates edged higher and hopes faded of an early reduction in UK clearing bank base rates. The pound was showing quite an impressive performance given the uncertainty caused by Wednesday's announcement that BNCC was to be scrapped, although some dealers cautioned that lower oil prices nearer the summer could still undermine sterling.

Attention now appears to be focusing on next Tuesday's UK Budget. The pound closed at $1.0805 down from $1.0860 but rose to DM 3.6550 equal to its best closing level this year and up from DM 3.6450 on Wednesday. It was also firmer against the Swiss franc at SwFr 3.1160 from SwFr 3.0975 and FFr 11.1725 from FFr 11.1250. It was weaker against the yen however at Y281.50 compared with Y282.50.

D-MARK — Trading range against the dollar in 1984-85 is 3.4510 to 2.5535. February average 3.3008. Exchange rate index 118.2 against 121.1 six months ago.

The Bundesbank did not intervene at yesterday's fixing when the dollar rose to DM 3.3822 from DM 3.3540 on Wednesday. It closed in Frankfurt at DM 3.3850 against DM 3.3535. Trading volume was heavy and quite hectic during the morning but activity subsided ahead of the Bundesbank meeting. News of no change in credit policies was much in line with market expectations although earlier in the month there had been fears that the West German central bank would act on interest rates to combat the dollar's rise. The dollar showed little change in the afternoon with attention now focusing on today's U.S. industrial production, figures and hopes of some indication on the strength of the U.S. economy.

New York rates

	March 14	prev. close
£ Spot	$1.0810-0820	$1.0840-1.0850
1 month	0.49-0.47pm	0.52-0.50pm
3 months	1.10-1.06pm	1.19-1.15pm
12 months	1.40-1.30pm	1.55-1.48pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING EXCHANGE RATE INDEX (Bank of England)

	March 14	Previous
8.30 am	71.9	71.8
9.00 am	71.8	71.7
10.00 am	71.6	71.8
11.00 am	71.7	71.7
Noon	71.7	71.7
1.00 pm	71.7	71.8
2.00 pm	71.7	71.7
3.00 pm	71.7	71.7
4.00 pm	71.8	71.6

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu March 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.7264	−0.39	+0.17	±1.5522
Danish Krone	8.14104	7.95168	−2.33	−1.77	±1.6419
German D-Mark	2.24184	2.22515	−0.74	−0.18	±1.1476
French Franc	6.87456	6.79834	−1.11	−0.55	±1.3689
Dutch Guilder	2.52595	2.51857	−0.29	+0.27	±1.5171
Irish Punt	0.72569	0.714151	−1.59	−1.03	±1.6703
Italian Lira	1403.49	1396.80	−0.48	−0.48	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

March 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.0765-1.0865	1.0800-1.0810	0.48-0.45c pm	5.27	1.12-1.07pm	4.05
Canada	1.5001-1.5079	1.5015-1.5045	0.01c pm-par	0.04	0.01pm-par	0.01
Nethlnd.	4.11¾-4.14¾	4.13½-4.14½	2½-2¼c pm	6.88	6½-6¼pm	6.22
Belgium	73.13-73.68	73.50-73.60	25-20c pm	3.67	56-46pm	2.83
Denmark	13.03-13.08¾	13.05¾-13.06¾	2⅝-1⅛ore pm	1.95	7½-6¼pm	2.11
Ireland	1.1682-1.1751	1.1730-1.1740	0.01p pm-0.01 dis	—	par-0.01dis	−0.02
W. Ger.	3.63¾-3.66½	3.65-3.66	2½-2⅜pf pm	8.00	6⅞-6½pm	7.25
Portugal	199-202¼	199½-201½	120-455c dis	−17.21	425-1305d	−17.26
Spain	201½-202¾	202-202½	30-15c pm	1.33	50-20pm	0.69
Italy	2,278¼-2,301½	2,293-2,294	2 lire pm-1 dis	−0.26	3-7dis	−0.87
Norway	10.41¾-10.49¾	10.45-10.46	2⅜-1⅞ore pm	2.15	3⅞-3pm	1.32
France	11.07½-11.18¼	11.16¾-11.17¾	3½-2⅞c pm	3.42	7¼-6¾pm	2.44
Sweden	10.35-10.40¾	10.37½-10.38½	1½-⅞ore pm	1.37	1½-½pm	0.41
Japan	280½-283	281-282	1.88-1.78y pm	7.80	5.08-4.93pm	7.10
Austria	25.58-25.74	25.66-25.74	17½-16gro pm	7.78	44¾-44½pm	6.95
Switz.	3.08¾-3.11½	3.10½-3.11½	2⅝-2¼c pm	8.68	6⅞-6⅞pm	7.72

Belgian rate is for convertible francs. Financial franc 73.90-74.00.
Six-month forward dollar 1.40-1.36c pm, 12-month 1.40-1.30c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

March 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.0765-1.0865	1.0800-1.0810	0.49-0.46c pm	5.27	1.12-1.07pm	4.05
Ireland†	0.9180-0.9265	0.9199-0.9209	0.50-0.40c pm	5.86	1.30-1.00pm	4.99
Canada	1.3880-1.3935	1.3885-1.3905	0.23-0.26c dis	−2.14	0.69-0.74d	−2.06
Nethlnd.	3.8110-3.8400	3.8295-3.8305	0.51-0.48c pm	1.55	1.91-1.88pm	1.98
Belgium	67.72-68.17	68.00-68.10	9½-10½c dis	−1.77	25-27dis	−1.53
Denmark	12.02¾-12.11¾	12.08-12.08½	3¼-3¼ore dis	−3.47	4½-5dis	−1.57
W. Ger.	3.3640-3.3915	3.3840-3.3850	0.82-0.77pf pm	2.82	2.72-2.67pm	3.18
Portugal	184½-187	185½-187	200-500c dis	−22.64	600-1400d	−21.56
Spain	186.40-187.60	187.20-187.30	60-70c dis	−4.16	165-190dis	−3.78
Italy	2,110-2,129½	2,125-2,126	9½-10 lire dis	−5.50	28-28½dis	−5.34
Norway	9.63-9.69	9.65¾-9.66¾	2½-3ore dis	−3.41	7-7½dis	−3.00
France	10.29½-10.36	10.33½-10.34	1.55-1.65c dis	−1.86	4.30-4.60d	−1.72
Sweden	9.55½-9.64	9.60¾-9.60¾	3-3½ore dis	−4.05	9½-10dis	−4.05
Japan	260.00-261.00	260.45-260.55	0.54-0.50y pm	2.39	2.02-1.97pm	3.06
Austria	23.67-23.84	23.76-23.81	4⅜-4gro pm	2.20	15-13pm	2.36
Switz.	2.8625-2.8820	2.8780-2.8790	0.81-0.75c pm	3.26	2.67-2.61pm	3.68

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 68.40-68.50.

OTHER CURRENCIES

Mar. 14	£	$		£ Note Rates
Argentina Peso	318.65-319.45	295.65-295.90	Austria	25.55-25.85
Australia Dollar	1.5620-1.5660	1.4480-1.4505	Belgium	73.50-74.30
Brazil Cruzeiro	4,387-4,413	4,066-4,086	Denmark	12.98-13.11
Finland Markka	7.5520-7.5700	7.0015-7.0035	France	11.09-11.20
Greek Drachma	152.96-155.05	141.27-144.15	Germany	3.63½-3.67½
HongKong Dollar	8.4175-8.4275	7.8020-7.8040	Italy	2275-2315
Iran Rial	104.10*	96.35*	Japan	282-285

CURRENCY MOVEMENTS

Mar. 14	Bank of England Index	Morgan Guaranty Change %
Sterling	71.8	−17.8
U.S. dollar	154.9	+39.4
Canadian dollar	88.8	−7.5
Austrian schilling	108.1	+3.3
Belgian franc	87.4	−11.1
Danish Kroner	75.2	−5.7
Deutsche mark	118.2	+5.5

CURRENCY RATES

Mar. 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.884393	0.608652
U.S. $	8	0.954708	0.657162
Canadian $	11.27	*	0.914759
Austria Sch.	4½	22.6799	15.6273
Belgian Fr	11	64.9464	44.7264
Danish Kr	7	11.5328	7.95166
Dmark	4½	3.22899	2.22515
Guilder	5¼	3.65603	2.51857

FINANCIAL FUTURES

Eurodollars weak

Dollar denominated contracts weakened on the London International Financial Futures Exchange yesterday, in reaction to high U.S. interest rates and reassessment of recent speculation that U.S. economic growth is slowing. June Eurodollars opened lower at 89.27, following an overnight decline in Chicago. Eurodollar cash rates were also firmer, while the lack of aggressive intervention by the Federal Reserve, as Federal funds rose above 9 per cent in New York, also undermined confidence. U.S. banks and commission houses in London soon sold the contract down to around 89.21, before lower interest rates led to a rally taking June Eurodollars up to the day's high of 89.32. Another high Federal funds rate, and concern that U.S. interest rates will remain firm, led to further selling, following Chicago down to 89.16, but then a slight recovery on short covering to 89.22 compared with 89.34.

U.S. Treasury bond futures were also weak in quiet trade.

Gilts for June delivery were depressed by the lower U.S. bond, and by signs of early weakness of sterling against the dollar.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	89.22	89.22	89.16	89.34
Sept	88.61	88.72	88.58	88.78
Dec	88.22	88.41	88.19	88.43
March	87.92	88.11	87.92	88.16
June	87.69	87.77	87.69	87.93

Est. volume 8,511 (7,208)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	69-00	69-07	69-00	69-10
June	68-02	68-09	67-28	68-11
Sept	—	—	—	68-00

Estimated volume 1,507 (2,236)
Previous day's open int 2,724 (1,501)

CHICAGO

MONEY MARKETS

Bill shortage adds to liquidity problems

Conditions were rather uncomfortable on the London money market yesterday, and the Bank of England gave more help than the forecast shortage suggested.

Banks called quite heavily, ensuring that the shortage finished in the hands of the discount houses, but the houses are at present short of sufficient bills to sell to the authorities, largely because of the reluctance of bank corporate customers to issue bills in the belief that interest rates will not remain at the present level for long.

This is not reflected in general market sentiment, however, where the continued vulnerability of sterling, and recent disappointing money supply figures, have set back any hopes of an early cut in base rates. Three-month sterling interbank was slightly easier at 13⅞ per cent compared with 13¹⁵⁄₁₆ per cent, and buying rates for three-month bank bills fell to 13¹¹⁄₁₆ per cent from 13¾ per cent.

The Bank of England forecast a market shortage of £700m, but changed this to £750m around lunch-time. An early round of help was offered, and at that time the authorities bought £66m bills outright, by way of £2m bank bills in band 1 (up to 14 days maturity) at 13⅞ per cent; £30m bank bills in band 2 (15-33 days) at 13¾ per cent; £33m bank bills in band 3 (34-63 days) at 13¾ per cent; and £1m bank bills in band 4 (64-91) days) at 13¾ per cent.

Before lunch another £353m bills were purchased, including £131m bank bills outright, through £33m in band 1; £87m in band 2; and £11m in band 3 at unchanged rates. Another £222m were bought for resale to the market on April 11 at 13¾ per cent.

In the afternoon a further £293m bills were bought, of which £281m were outright purchases of bank bills, by way of £220m in band 2; £55m in band 3; and £6m in band 4 at unchanged rates. The authorities also purchased £12m bills for resale on April 16 at 13¾ per cent.

Late assistance of around £130m was also provided, bringing total help on the day to £842m. Yesterday's temporary facilities on gilt repurchases were at a rate of 14⅞ per cent, while the net outflow caused by unwinding repurchase agreements came to £630m. Bills maturing with the authorities absorbed another £514m; a rise in the note circulation £30m; and bank balances below target £10m, partly offset by Exchequer transactions adding £487m to liquidity.

UK clearing banks base lending rate 14 per cent since January 28

MONEY RATES

March 14	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.95-6.05	10⅛	2⅛-2⅜	7-7⅛	6.40625	15¾-16⅛	9.70	14½-14¾
One month	6.20-6.35	10⅛-10⅜	5⅝-5¾	7¼-7⅜	6.53125	15⅝-16	10⅝-10⅞	14¾-15
Two months	6.25-6.40	10¾-10⅞	—	—	—	—	—	14⅝-14⅞
Three months	6.35-6.50	10¾-10⅞	5¾-5⅞	7⅛-7⅛	6.34375	16-16⅛	10¾-11	14⅝-14⅞
Six months	6.55-6.70	10¾-10⅞	—	7⅜-7½	—	—	10⅞-11⅛	14¼-14½
Lombard	6.0	—	—	—	—	—	—	—
Interververvention	—	10⅛	—	6⅞	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Mar. 14 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	10-15⅝	14¾-15	14-15½	9-14¼	—	—	—	—	—

FT LONDON INTERBANK FIXING

(11.00 a.m. March 14)

Three months U.S. dollars: bid 9 7/16, offer 9 9/16

Six months U.S. dollars: bid 10, offer 10 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, March 13, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of March 13 at 11.00 a.m.
3 months: 9⁵⁄₁₆ 6 months: 9¹⁵⁄₁₆

ECU = US$664819 SDR1 = US$958006
Sibor as of March 13 at 11.00 a.m.
3 months: 9⁷⁄₁₆ 6 months: 9⅞

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	9.2703
Algeria	Dinar	5.2275
Andorra	Fr. Franc	10.215
	Sp. Peseta	185.65
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	272.09
Australia	Dollar	1.4389
Austria	Schilling	23.515
Azores	Port. Escudo	184.50
Eq'l Guinea	C.F.A.Franc (4)	510.75
Ethiopia	Birr(o)	2.0514
Faeroe Is.	Dan. Krone	11.95
Falkland Is.	Pound*	1.0896
Fiji	Dollar	1.1983
Finland	Markka	6.9435
France	Franc	10.215
Fr. C'ty in Af	C.F.A. Franc	510.75
Fr. Guiana	Franc	10.215
Fr. Pac. Is	C.F.P. Franc	185.727
Gabon	C.F.A. Franc	510.75
Gambia	Dalasi	4.5893
Germany (E)	Ostmark (o)	3.346
Germany (W)	Mark	3.346
Ghana	Cedi (8)	50.00
Gibraltar	Pound*	1.0895
Greece	Drachma	141.95
Greenland	Dan. Krone	11.95
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	10.215
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, l)	1.55
Guinea Bissau	Peso	87.7385
Guinea Rep	Syli	25.7674
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
	Lempira (d)	2.55
Morocco	Dirham	9.90
Mozambique	Metica	44.869
Namibia	S.A. Rand	1.9881
Nauru Is	Aust. Dollar	1.4389
Nepal	Rupee	19.00
Netherlands	Guilder	3.7865
Neth Ant'les	Guilder	1.80
New Zealand	Dollar	2.2163
Nicaragua	Cordoba	10.00
	Cordoba(d)	650.00
Niger Rp	C.F.A Franc	510.75
Nigeria	Naira	0.8641
Norway	Krone	9.6075
Oman Sulranate fo	Rial	0.3456
Pakistan	Rupee	16.1278
Panama	Balboa	1.00
Papua N.G.	Kina	1.0297
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	421.00
Peru	Sol (o)	7520.78
Philippines	Peso	18.56
Pitcairn Is.	N.Z. Dollar	2.2163
Poland	Zloty (O) (3)	141.41
Portugal	Escudo	184.50
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	10.215
Romania	Leu (o)	4.74
Vanuatu	Vatu	105.01
Vatican	Lira	2095.50
Venezuela	Bolivar (g)	7.50
	Bolivar (g) (1)	4.30
	Bolivar (o)	12.59
	Bolivar (d)	13.40
Vietnam	Dong (o)	10.8336
Virgin Is. British	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	6.75
Yemen PDR	Dinar	0.3486
Yugoslavia	Dinar	248.087
Zaire Rep.	Zaire	43.7473
Zambia	Kwacha	2.442
Zimbabwe	Dollar	1.6064

n.a. Not available. (m) Market rate *U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-essential imports. (l) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Sierra Leone: February 22. Official devaluation of 58.33 per cent. (3) Chile: February 25, Peso devalued by 9 per cent. (4) Equatorial Guinea: December 31, currency joins Franc zone. (5) Jamaica: November 8, rate adjustment fixed by Central Bank bi-weekly auction. (6) Somalia: January 8, official devaluation of 29 per cent. (7) Bolivia: February 9, official devaluation of approximately 81 per cent. (8) Ghana: December 3, Cedi devalued from 38.5 to 50 per cent. (9) Botswana: January 11, Pula devalued approximately 15 per cent. (10) Sudan: February 11, official devaluation of approximately 48 per cent. For further information please contact your local branch of the Bank of America.

Company Notices

LAFARGE COPPÉE
US$40,000,000
15¾% Bonds 1981/1989

NOTICE IS HEREBY GIVEN to Bondholders of the above-mentioned issue that the redemption instalment of US$4,000,000 due on April 15, 1985, has been satisfied by purchase of Bonds on the market.
Amount outstanding: US$32,000,000.
Luxembourg, March 15, 1985.
The Fiscal Agent KREDIETBANK S.A. Luxembourgeoise

PRIVATBANKEN A/S
£12,000,000 14½% SUBORDINATED NOTES 1988

In compliance with the requirements of The Stock Exchange in London we inform holders of the above-mentioned Notes that copies of The Annual Reports and Accounts for 1984 of Privatbanken A/S are available from the offices of Hambros Bank Limited, Stock Counter, 41 Bishopsgate, London EC2P 2AA.
15th March 1985 PRIVATBANKEN A/S

CITY OF MONTREAL
3% PERMANENT DEBENTURE STOCK
NOTICE IS HEREBY GIVEN that the Transfer Register will be closed from 8th April to 30th April 1985, both dates inclusive.
THE ROYAL BANK OF SCOTLAND plc Registrars
Registrar's Department, 16 Old Broad Street, London EC2N 1DL.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for March 14.

U.S. DOLLAR STRAIGHTS	Issued		Bid	Offer	Change on day	Change on week	Yield
Amex Credit 12⅝ 88	150		100⅞	101⅜	−0⅛	+0⅝	12.16
Austria Rep 13⅝ 92	100		105¾	106¼	−0⅜	0	12.38
Bank Of Tokyo 12⅝ 92	100		98½	99	−0⅝	−0¼	12.89
Bank of Tokyo 13⅝ 91	100		104	104½	−0¼	+0⅞	12.57
BP Capital 11⅛ 92	150		93½	94	−0¼	−0⅝	12.52
Caisse Nat Tele 13¾ 91	100		104¼	104¾	0	−0¼	12.63
Canadian Pac 12½ 99	75		100¾	101¼	0	+0½	12.32
CBS Inc 11⅜ 92	100		93½	94	−0⅛	−0⅛	12.66
Chevron U.S.A. 12¼ 89	600		99½	100	−0½	+0⅜	12.27
Creditanstalt 13⅛ 91	100		101	101½	−0¼	−0⅜	12.79
Denmark Kingdom 13 91	100		101⅛	101⅝	+0¼	+1⅛	12.64
Denmark Kingdom 13¼ 91	100	†	100⅝	101⅛	−0¼	−0¼	13.00
Denmark 13⅞ 88 XW	100		103⅞	104⅜	−0⅜	+0½	12.25
Denmark Kingdom 14 91	100		105⅜	105⅞	−0¼	+0⅛	12.61
E.E.C. 11⅛ 90	100		95¾	96¼	−0⅜	+0¼	12.24
E.I.B. 13 95	200		100⅞	101⅜	−0⅜	+0⅜	12.77
Ex-Im Bk Japan 13¼ 91	75		105⅛	105⅝	−0⅛	+0⅞	11.95
Export Dev Corp 12 89	100		99½	100	−0¼	+0⅜	12.03
Exxon Capital Corp 0 2004	1800		10¾	11¼	−0⅛	+0¼	11.68
Florida Fed Sav 12⅜ 89	100	†	101⅛	101⅝	+0⅛	−0¾	11.91
IBM Credit 10⅜ 2000	300		95⅛	95⅝	−0¼	−0⅞	11.01
IBM Credit Corp 11¾ 87	200		100¼	100¾	−0½	+0½	11.44
Indust Bk Japan 12⅞ 89	100		101¼	101¾	−0⅛	+0⅞	12.37
Indust Bk Japan 13⅞ 91	125		105½	106	−0⅜	+0⅜	12.46
Int-Am Dev Bk 12¾ 91	150		100⅛	100⅝	−0¼	+0¼	12.62
Japan Air Lines 13⅜ 94	100	†	108	108½	−0¼	+0¾	11.84
Kellogg Company 10⅞ 90	100		95¼	95¾	−0¼	−0¾	12.13
Kellogg Company 11¼ 92	100		97½	98	−0⅛	−0½	11.73
L T C B 12⅞ 91	100		101⅛	101⅝	0	+1¼	12.52
Macy Cred Corp 11¾ 95	100	†	95¼	95¾	−0¼	−0¼	12.58
Mellon Bank 13 87	100	†	101⅝	102⅛	−0¼	−1⅜	11.99
Merrill Lynch 12¾ 89	100	†	100⅜	100⅞	−0¼	−0⅜	12.51
Minnesota 11½ 87	100		99⅝	100⅛	−0¼	−0⅛	11.49
Mitsubishi Corp 13¼ 89	100		104	104½	−0⅜	+0⅜	11.90
Montagu 13¼ 91	100	†	102	102½	−0¼	0	12.67
Morgan Guaranty 12⅜ 89	150		99⅞	100⅜	−0½	+0⅜	12.29

DEUTSCHE MARK STRAIGHTS	Issued
Asian Dev Bank 8 94	200
Austria Republic 7⅝ 94	200
Baxter Travenol 7¼ 94	200
Credit National 8⅛ 94	200
Degussa Int Fin 7½ 94	100
E.E.C. 8 92	200
Escom 8 92	150
Ferrovie Dello Stato 8 91	100
Finland Republic 7 92	200
Finland Rep 7½ 91	150
Gould Int Fin 7⅝ 91	100
Ireland 8⅛ 92	150
Japan Fin Corp 7⅝ 91	100
Mitsubishi Hvy 3½ 89WW	300
Mitsubishi Hvy 3½ 89XW	300
Mitsubishi Met 3⅛ 89WW	100
Mitsubishi Met 3⅛ 89XW	100
O.K.B. 7½ 88	100
Pepsico O/S Fin 7¼ 94	250
Renown 3⅛ 90	80
Reynolds O/S Fin 7⅜ 94	125
Societe Cent Nuclear 8 91	100
Sth Africa Rep 8½ 91	200
Sth African Tran 7⅝ 92	100
World Bank 7¾ 89	100
World Bank 8 94	200

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Nippon Oil Co 2⅛ 92 SF	3/84	1052	† 103	104¼	−0⅜	9.95
Nippon Shinpan Co 2 92 SF	3/84	801	† 93	93¼	+0⅜	21.71
Settsu Paper 2¼ 92 SF	4/84	677	† 159	161	−2	−3.24
Ascs 5 92 DM	12/83	520	101⅞	102⅞	+0¼	23.41
Sun Realty 6¼ 92 DM	2/83	365	188½	189½	+5⅜	−3.81

* No information available–previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

OVER-THE-COUNTER

Continued from Page 34

Stock		Sales (Hnds)	High	Low	Last	Chng
KTron		6	5	4¾	5	+¼
KV Phr		2	5¼	5¼	5¼	+¼
Kaman	.56	250	27⅝	27	27	−½
Karchr		127	17⅜	17	17⅛	+⅛
Kasler	.50r	144	13¼	12¾	12⅞	−⅛
Kaydon		46	9¾	9⅜	9¾	+¼
KelyJn		335	1¼	1⅛	1¼	+⅛
KellyS A	.64	46	35½	34½	35½	
Kemp	1.80	106	50½	50⅜	50½	+⅛
KyCnLI	.90	232	40¼	40	40	−¼
Kevex		7	6¾	6½	6½	
KewnS s	.44	4	13¼	13¼	13¼	−¼
MirsN	2	19	50	50	50	
Marcus	.28e	21	16½	16⅜	16½	
Marqux		16	8⅝	8¼	8⅝	
Marqst	.05e	38	10¾	10½	10¾	
MarsSt		62	12½	12	12¼	−¼
MarshO	2.12	32	57¾	57½	57¾	+⅛
MrldN	1.60	357	47¾	47¼	47¾	+½
Mscoln		108	38	37⅜	37½	
Masstor		584	6¼	6	6⅛	+⅛
MathSx		84	14¾	14	14⅝	
MatrxS	.10	44	26½	25¼	25¼	−1¼
Maxcre		1045	27⅛	26½	26½	−⅜
NCA Cp		17	7½	7½	7½	
NMS		172	4¼	4⅛	4¼	
Napcol	.40	9	15¾	15¼	15¾	
Napco s		82	12½	12⅛	12⅛	−⅛
NashFn	.96a	89	23½	23	23	−¼
NBnTex	.84	25	21¾	21½	21½	−¼
NtlCty	2	941	39½	39⅜	39⅜	
NtCty pf	3.70	5	45	45	45	+⅜
NCmNJ	2.80	5	55	53½	55	+1½
NtCptr	.30	41	22¾	22¼	22¾	+¼
NData	.44	195	10¼	10	10⅛	+⅛
NtLumb		73	6½	6	6½	+½
NMicrn		561	4¾	4½	4½	
PLM	.12	1	6¼	6¼	6¼	
PNC	2.32	244	50	49⅝	49⅝	−½
PabstB		56	9⅝	9⅜	9⅝	+¼
Paccar	1.20a	69	48¼	48	48	
PacFst		281	9⅛	9	9⅛	
PcGaR	1.40b	74	24¼	23¾	24	
PacTel	.80	16	14½	14	14	
PacoPh		18	12	11¾	12	
PancMx	.13	122	7⅜	7⅜	7⅜	
Pansph		254	19½	19⅛	19¼	−½
Parisan		5	11½	11½	11½	−½
ParkOh	.60	150	15¼	15	15⅛	+⅛
Parkwy		2	20½	20½	20½	
PantM		132	5½	5¼	5½	+¼
Pattex		50	5	4⅝	4⅝	−⅛
Patrld		180	8¾	8¼	8⅜	−⅜
Patriot	1	19	26½	26¼	26¼	+¼
PaulHr		200	18¼	17⅛	18	+⅝
PaulPt		34	10⅞	10⅜	10⅞	+⅜
PayN		5	22¾	22¾	22¾	
Paychx		34	12¾	12½	12½	
Payco	5	35	16½	15½	15¾	−¾
PeakHC		331	12⅝	12⅛	12¼	−¼
SecNtl	1.20	8	31½	30	30	−1¼
SecAFn	.10b	11	15½	15	15½	
SecTag		80	3	3	3	
SEEQ		531	4½	4⅛	4½	+¼
Seibel	.80	125	24¾	24	24	−1⅝
Select		2	9	9	9	
Semicn		50	8½	8¼	8¼	−¼
Sensor	.05	1008	7⅛	6⅞	7⅛	+⅛
SvcMer	.08	1496	13¾	13¼	13⅜	−¼
Svmast	1.12	540	34	33½	33¾	−¼
UnDom	.84	1	13	13	13	+¼
UnEdS		25	2¾	2⅜	2⅜	
Vyquest		29	7½	7¼	7¼	−¼

Indices

NEW YORK–DOW JONES

	March 14	March 13	March 12	March 11	March 8	March 7	1984-85 High	1984-85 Low	Since Compilation High	Since Compilation Low
Industrials	1,260.95	1,281.70	1,271.75	1,268.55	1,269.68	1,271.53	1299.36 (1/3/85)	1088.57 (24/7)	1299.36 (1/3/85)	41.22 (2/7/32)
Transport	605.74	608.61	615.59	611.71	615.37	618.58	635.30 (1/3/85)	444.83 (25/7)	635.30 (1/3/85)	12.32 (8/7/32)
Utilities	147.93	148.44	148.03	147.67	147.77	148.13	151.16 (13/2/85)	122.25 (15/6)	163.72 (20/4/69)	10.5 (28/4/42)
Trading vol		101m	92m	84m	98m	112m	–	–	–	–

	Mar 8	Mar 1	Feb 22	Year Ago (Approx)
Ind Div Yield %	4.81	4.69	4.77	4.85

STANDARD AND POORS

	March 14	March 13	March 12	March 11	March 8	March 7	1984-85 High	1984-85 Low	Since Compilation High	Since Compilation Low
Industrials	198.51	199.83	200.82	199.92	200.25	200.76	205.15 (1/3/85)	167.74 (24/7)	205.15 (1/3/85)	3.62 (30/6/32)
Composite	177.84	178.19	179.66	178.79	179.10	179.51	183.35 (13/2/85)	147.82 (24/7)	183.35 (13/2/85)	4.40 (1/6/32)

	Mar 6	Feb 27	Feb 20	Year Ago (Approx)
Ind div yield %	3.83	3.82	3.81	4.08
Ind. P/E Ratio	11.24	11.33	11.34	11.81
Long Gov Bond Yield	11.84	11.83	11.45	12.15

N.Y.S.E. ALL COMMON

March 14	March 13	March 12	March 11	1984-85 High	1984-85 Low
103.11	103.24	104.03	103.58	106.66 (13/2/85)	85.13 (24/7)

RISES AND FALLS

	March 13	March 12	March 11
Issues traded	1,978	1,991	1,976
Rises	493	816	596
Falls	1,008	682	911
Unchanged	477	493	469

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day
Phillips Pet	2,551,200	49	unch
Am Nat Res	2,550,100	64¼	+3
Pac Gas El	1,991,800	16⅞	unch
Comw Ed	1,659,000	28¾	+¼
Kroger	1,563,700	40¼	−¼
Tex Oil C	1,348,800	17½	−⅝
Chrysler	1,211,200	35	+⅜
ATT	1,116,800	21½	+½
Sperry Cp	967,500	58¾	−1
IBM	967,400	130¼	+¼

Advances 760 Declines 725

TORONTO	March 14	March 13	March 12	March 11	1984-85 High	1984-85 Low
Metals & Minls	2,819.4	2,823.7	2,859.6	2,846.4	2524.4 (12/1/84)	1641.2 (25/7)
Composite	2,589.8	2,588.9	2,587.6	2,582.2	2647.0 (5/3/85)	2079.7 (24/7)
MONTREAL Portfolio	129.20	129.10	130.54	130.38	132.77 (5/3/85)	100.36 (24/6)

* Indicates pre-close figure

	Mar. 14	Mar. 13	Mar. 12	Mar. 11	1984-85 High	1984-85 Low
AUSTRALIA						
All ord. (1/1/80)	789.0	787.4	784.1	783.9	798.9 (28/2/85)	546.8 (18/6)
Metals & Minls. (1/1/80)	473.5	471.2	469.0	469.2	567.4 (5/1/84)	393.6 (7/1/85)
AUSTRIA						
Credit Aktien (2/1/62)	72.03	72.42	73.05	73.13	74.86 (28/2/85)	53.20 (15/8)
BELGIUM						
Brussels SE (1/1/80)	2306.34	2319.05	2306.98	2302.78	—	—
DENMARK						
Copenhagen SE (3/1/83)	176.19	174.44	175.09	178.34	225.2 (20/1/84)	158.44 (8/1/85)
FRANCE						
CAC General (31/12/82)	208.4	208.4	206.0	207.2	208.4 (13/3/85)	155.6 (8/1/84)
Ind Tendance (28/12/84)	112.7	113.1	112.6	112.4	113.1 (13/3/85)	100.8 (28/12/84)
GERMANY						
FAZ Aktien (31/12/58)	415.56	418.27	420.87	417.72	420.87 (12/3/85)	317.17 (25/7)
Commerzbank (1/12/53)	1202.5	1214.3	1216.1	1205.3	1216.1 (12/3/85)	917.7 (25/7)
HONG KONG						
Hang Seng Bank (31/7/64)	1356.35	1355.82	1371.51	1380.11	1469.17 (19/2/85)	746.02 (13/7)
ITALY						
Banca Comm Ital. (1972)	276.75	275.66	277.28	276.00	288.71 (20/2/85)	192.06 (2/1/84)
JAPAN**						
Nikkei-Dow (16/5/49)	12405.0	12419.3	12298.9	12265.9	12509.0 (4/3/85)	9703.35 (23/7)
Tokyo SE New (4/1/68)	985.92	988.55	977.14	975.68	985.92 (14/3/85)	750.46 (4/1/84)
NETHERLANDS						
ANP-CBS General (1970)	208.7	209.7	206.5	206.2	209.7 (13/3/85)	146.8 (25/7)
ANP-CBS Indust (1970)	165.7	165.6	165.3	165.5	165.7 (14/3/85)	118.7 (12/6)
NORWAY						
Oslo SE (4/1/83)	320.69	320.14	327.76	322.83	345.8 (8/2/85)	221.67 (4/1/84)
SINGAPORE						
Straits Times (1966)	836.94	831.31	856.02	841.98	1071.9 (8/2/84)	764.4 (16/1/85)
SOUTH AFRICA						
Gold (1958)	(u)	924.6	906.8	903.8	1080.0 (19/11)	738.1 (24/1/84)
Industrial (1958)	(u)	846.6	847.7	847.9	1105.3 (26/3/84)	846.6 (5/3/85)
SPAIN						
Madrid SE (28/12/84)	111.05	111.36	112.05	112.16	117.41 (4/2/85)	100.00 (28/12/84)
SWEDEN						
Jacobson & P (1/1/58)	1441.15	1444.17	1419.19	1412.2	1594.5 (8/2/84)	1382.99 (22/11)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	428.5	428.9	426.9	426.8	429.3 (14/3/85)	354.5 (25/7)
WORLD						
Capital Intl. (1/1/70)	—	186.0	186.8	185.9	188.1 (4/3/85)	165.2 (14/12)

** Saturday March 9: Japan Nikkei-Dow (c). TSE (c).

Base value of all indices are 100 except Australian All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

CAPITAL MARKETS

Sweden quick to launch FRN with sub-Libid coupon

BY MAGGIE URRY IN LONDON

IT DID not take long for Sweden to follow Den norske Creditbank (DnC) with a floater paying interest at 1/16 per cent below six-month London interbank bid rate (Libid). The $500m deal launched yesterday has a final maturity of 20 years, much longer than DnC's six years, but investors in the Swedish issue have put options after seven, 10 and 15 years.

Like DnC's, Sweden's deal has a mismatch structure with the coupon refixed every month. Credit Suisse First Boston, which led Sweden's issue, set the fees at a total 26 basis points, just below DnC's 28. By the close, the Swedish issue was trading around 99.80, while DnC's had slipped to round 99.75.

The deal gives Sweden long-term funds as almost the same cost as the latest sale of one month notes under its $4bn drawing package, where the average bid was 5.66 basis points below Libid.

That was the only dollar issue of the day. Fixed rate dollar bonds were weaker by around ¼ point, following the fall in the New York bond market.

The Eurosterling market again saw action, with two issues appearing. The first, for the World Bank, raises £100m for 10 years paying a 11¼ per cent coupon. Issue price is 99½ and dealers regarded the terms as attractive. The bonds were trading within the 2 per cent total fees. Baring Brothers led the issue.

Morgan Guaranty launched a £50m deal for British Petroleum late in the day. The bonds mature in September 1992, and pay a 10¾ coupon. Issue price is 99¾, and fees total 2 per cent. The deal came too late to trade actively.

Hambros brought an issue in New Zealand dollars for Dunlop Olympic – the Australian diversified industrial group (which is not connected with the British company). The issue follows a successful one launched last November which is now trading around 100½. The issue, for NZ$25m, has a five-year life and a 15⅛ per cent coupon, compared with a 15¾ per cent payment with the same maturity for the last deal. Issue price is par and fees total 2 per cent. The bonds were offered at 98½.

BHF Bank bond average		
March 14		Previous
100.174		100.211
High	1985	Low
103.042		98.056

Trading in the Swiss franc market is still uncertain, with prices yesterday unchanged or slightly weaker. The new Imatran Voima issue ended its first day's trading at 99¾.

Kredietbank, Soditic and Banque Gutzwiller set the issue price for the EIB's 10-year SwFr 150m deal at 99¾. The coupon remains at 6 per cent.

SBC launched a two-tranche private placement for the Inter-American Development Bank. The first portion raises SwFr 50m through a six-year life with a 6⅛ per cent coupon. The seven-year tranche is for SwFr 75m with a 6¼ per cent coupon. Issue price for each is par.

SBC cut the coupon on its SwFr 30m private placement for Hoxan, the Japanese gases group. The coupon falls from 1⅞ per cent to 1⅝ per cent, and the strength of the Japanese stock market means the conversion price is set at Y395, the shares' previous closing price.

UBS also cut the coupon for Stanley Electric's SwFr 70m convertible private placement from 1⅞ to 1⅝ per cent, and set the conversion price at the closing share price of Y1070.

UBS launched a SwFr 150m private placement for Kansai Electric Power. This has a five-year life and 5⅞ per cent coupon with a par issue price.

Paralysis has set in in the D-Mark bond market. Trading is lifeless, and yesterday prices were marked down by ¼ to ½ point.

Chicago to launch UK index futures contract

BY CHARLES BATCHELOR IN LONDON

THE CHICAGO Board of Trade (CBT), the busiest futures market in the U.S., plans to launch a contract based on the FT-SE 100 stock index. This would be the first time that a non-U.S. index has formed the basis for futures trading on a U.S. market.

The FT-SE 100 is an index based on the performance of the 100 largest UK companies by market capitalisation. It allows investors to hedge against or speculate on general stock market movements.

In London it forms the basis for both a futures contract traded on the London International Financial Futures Exchange (Liffe) and an option contract traded on the stock exchange.

The London Stock Exchange announced yesterday it had reached a licencing agreement with the CBT for it to use the index. Sir Nicholas Goodison, stock exchange chairman, welcomed the move as allowing a wider investment audience to take part in the London securities market.

The Chicago contract will be launched in the final quarter of 1985 if the U.S. Commodity Futures Trading Commission gives its approval. It is expected to be priced in dollars with a value of $20,000 to $25,000.

This would mean it would not be interchangable with Liffe's FT-SE 100 contract, which is priced in sterling. But pricing the U.S. contract in sterling would expose U.S. investors to a currency risk and would make it less attractive.

The CBT is also considering adding stock index futures based on the stock markets in Tokyo, Canada and a European country. Chicago introduced a Major Markets Index contract, an index of "blue chip" U.S. stocks, last July and has since traded 2.25m contracts.

WEEKLY U.S. BOND YIELDS (%)	Mar 10	Mar 3	1985 High	1985 Low
Composite Corp. AA	12.46	12.44	14.23	11.93
Government:				
Long-term	11.83	11.84	13.69	11.19
Intermediate	11.88	11.85	13.79	11.12
Short-term	10.80	10.82	13.22	10.03
Municipal	9.78	9.80	11.14	9.52
Industrials AAA	11.92	12.00	13.65	11.44
Industrials AA	12.43	12.42	14.13	11.86
Utilities AA	12.49	12.46	14.45	12.01
Preferred Stocks	10.97	10.96	12.17	10.77

Source: Standard & Poor's